

## Abrams at World Soviet Jewry Conference

### Gorbachev worse than Brezhnev

By DAVID HOROVITZ  
Jerusalem Post Correspondent  
LONDON. — Glasnost is bringing change to the Soviet Union, but so far it has not extended to the Jews, according to Morris Abrams, chairman of the Conference of Presidents of Major American Jewish Organizations and of the National Conference of Soviet Jewry.



A team of conservators works on the emergency consolidation of the wall paintings in the 3,200-year-old tomb of Queen Nefertiti, favourite wife of Ramses II, in West Thebes, Egypt. The tomb was reopened after having been closed for 40 years due to the high level of humidity which was ruining the paintings. (AFP telephoto)

Addressing the more than 100 delegates of the conference, Abrams said that though the Soviet Union now has a smiling face, we are "fighting with a pillow." He called on world Jewry to redefine Soviet Jewry emigration as a matter of rescuing the remnant of East European Jewry.

Abrams expressed fear that the Gorbachev administration is planning to give exit visas to some 11,000 activists, to hold a superpower summit in the favourable climate thus created, but then to "hermetically seal the exit gates."

"Gorbachev will then use the traditional carrot-and-stick method —

promising a better life for those Jews who assimilate and far worse conditions for those who do not — to pound the life out of Soviet Jewry."

"People are now confused, believing that with the release of well-known prisoners of Zion, conditions really are improving for the Jews of the Soviet Union," he continued.

"In fact, the position now is far worse than even in the Brezhnev era. Brezhnev never missed the national security argument, as a pretext for rejecting visa applications, as flagrantly as does Gorbachev, and he did not limit family reunification criteria to the extent that Gorbachev has."

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## Fraternité missing at French J'lem fete

By ANDY COURT  
The French National Day will be celebrated separately in East and West Jerusalem next week but Mayor Teddy Kollek will not be going to either party.

Kollek and other top city officials will not attend celebrations on July 14 to protest against the French Consulate's plans to hold two separate receptions, the municipal spokesman said yesterday.

"It's as if they're artificially dividing the city in two," said spokesman Rafi Davara. "There may be a political argument over sovereignty in the city, but even Anwar Sadat said that the city should remain unified. And it can't be that in one city you hold two separate parties for two different kinds of citizens."

French Consul-General Jean-Claude Cousseran declined to comment on the municipality's complaint. But he did confirm that the consulate would, as in past years, hold separate receptions. One will be held in St. Anne's Church in East Jerusalem, and the other at the French Consul's residence near the King David Hotel in West Jerusalem.

"I bless the French government and consulate for their attitude," said Ziad Abu Zayyad, editor of Geshet, a Palestinian newspaper published in Hebrew.

"The French are acting according to the realities, and the reality is that East Jerusalem is an occupied area," Zayyad said. "No one officially recognizes the annexation of East Jerusalem to Israel. They are just observing protocol and status quo."

Until a few years ago, the Jerusalem municipality had a similar argument with the American consulate, which would hold two separate July 4th receptions to mark its Independence Day. But the Americans changed their policy, and yesterday's Independence Day reception at the American Consul's West Jerusalem residence drew a number of Palestinians, most of them from the pro-Jordanian camp.

U.S. Consul-General Morris Draper and Mrs. Roberta Draper welcomed scores of guests from both parts of the city, as well as from the West Bank and Gaza. Mayor Teddy Kollek mingled with Arab dignitaries and members of the clergy while the Taverniers band played country music. Actor David Soul, who is making a film here, stole the show with his rendering of popular songs, accompanying himself on the guitar.

## IAI pins hope on Shamir and Peres

### Rabin, Nissim oppose compromise for Lavi

By JOSHUA BRILLIANT and AVI TEMKIN  
Jerusalem Post Reporters  
Lavi supporters yesterday hoped that a new proposal from Israel Aircraft Industries will win the support of Prime Minister Shamir, Vice Premier Peres and other ministers and thus assure the project's continuation. But Defence Minister Rabin and Finance Minister Nissim yesterday indicated their opposition to the plan.

Well-informed sources said the IAI plan calls for completing the Lavi's development and building the first few aircraft according to the original schedule. Then production will be modified to keep costs down.

Rabin, who had seen some versions of the proposals, maintained they did not entail any change in the outlay required in the coming three to four years. According to the defence minister, unless the defence budget is increased, there is no way in which the plane can be built.

Even if the budget is increased (military sources say they need an extra \$300m. to \$400m. a year, not including the money for the Lavi) — the IDF can make better use of each

dollar by spending it on projects other than the Lavi, Rabin believes.

Rabin yesterday appeared much more forceful in his opposition to the Lavi after his consultations last week with U.S. Secretary of Defence Caspar Weinberger, Secretary of State George Shultz, National Security Advisor Frank Carlucci and U.S. congressmen.

The minister said he had "good reason" to believe that the \$1.8 billion military aid will not drop in 1988 and 1989, even if Israel grounds the Lavi. Israel will be allowed to spend \$300m. and possibly even \$400m. of that aid here to start developing some of the weapons the IDF wants instead of the Lavi.

U.S. aid could also be used to compensate Israeli and American companies for cancellation of contracts for the Lavi.

Congressmen he met indicated they would go along with an Israeli decision to stop producing the plane and to start developing other weapons instead, Rabin said. The Lavi's supporters had claimed that congressmen who fought for aid for the Lavi will be against any change because it would harm their standing at home. But one congressman told Rabin he supported the Lavi be-

cause that was what Israel had wanted, and if Israel changed its mind, he would go along with the new decision.

Rabin was told that if Israel orders 75 to 100 F-16s (to replace the Lavi) delivery may begin in 1991 — two years before the first Lavi squadron is to become operational.

Nissim is expected to tell the cabinet that he cannot accept the IAI compromise. Any proposal to slow production would be unacceptable, since the IDF needs the jetfighters on time, he said yesterday. "We will end up buying the F-16s and continuing with the Lavi," the minister declared.

Nissim stopped short of openly opposing continuation of the project, since, he said, his views should be heard first by the cabinet. But he repeated that he would not agree to enlarge the budget to make the project possible. "That would mean raising taxes and interest rates, and such things would drive the economy back to the days of government deficits," he said.

The finance minister also expressed doubts about the possibility of slashing that state budget by the amount necessary to finance the project, some NIS 400m.

## Call for day's strike on Sunday

By JEFF BLACK  
For The Jerusalem Post  
The Histadrut Trade Union Department yesterday called for a 24-hour strike by the public sector's nearly half million workers next Sunday. The decision to strike follows the breakdown in wage negotiations with the Treasury last Thursday.

The strike will affect all government offices, local authorities, universities, government bodies such as the Israel Broadcasting Authority and the country's airports.

The campaign headquarters will decide later this week on which vital services — hospitals, for example, — will be exempt from the strike. These institutions will work on a Shabbat footing.

Haim Haberfeld, the Trade Union Department head, sharply criticized Finance Minister Nissim after yesterday's meeting at the union's headquarters in Tel Aviv.

Haberfeld told reporters that so far Nissim has not been involved in a

dispute over wage agreements. "Everything has been given to him on a platter because of the Histadrut's cooperation."

But with the breakdown in the wage talks, Haberfeld said, and unfortunately it is the country which will have to pay for it.

Haberfeld maintained that Sunday's strike is only the first step in the unions' campaign, and that further actions will be decided on later this week.

He held out little hope of success for tomorrow's meeting between Nissim and Histadrut Secretary-General Yisrael Kessar at which the two men, along with Haberfeld and Hillel Duda'i, the Treasury's chief wage negotiator, will discuss the possibility of renewing the public-sector wage negotiations.

Haberfeld said his pessimism stems from Nissim's showing no signs of changing his opposition to the union's demand for an increase

in public-sector wages and a shorter working week.

Kessar meanwhile stressed that tomorrow's meeting is part of the Histadrut's campaign to alert public opinion to the justice of the trade union's demands for negotiations.

Speaking at the Histadrut's weekly central committee meeting, Kessar pledged full Histadrut support for the trade union's campaign. He too lashed out at Nissim, condemning what he termed the Treasury's "perverse theories" which claim that wage increases are the main danger to economic stability.

Nissim meanwhile, repeated his warnings that a wage increase will damage the economy. Speaking to reporters in Jerusalem, he described the trade union's campaign as "a campaign against the workers," because it will destroy the achievements of the economic recovery plan. He added that the economy needs one or two more years of wage restraint and called on the Histadrut to behave "responsibly."

## Shamir hits Jordan for hosting Waldheim

Post Diplomatic Correspondent  
Israel for the first time yesterday condemned clearly and publicly Jordan for hosting a state visit last week by Austrian President Kurt Waldheim.

Speaking in Jerusalem to a gathering of top Canadian Jewish contributors to Israel, the Hineini Convention, Prime Minister Shamir said "that Jordan's playing host to Mr. Waldheim and the vicious attacks on Israel in the Jordanian media in the course of that visit are an affront to the Jewish people and to Israel. Arab leaders who truly want peace with Israel should distance themselves from any identification with the Nazi experience, and should be sensitive to the impact of its memories on the Jewish people."

During the Waldheim visit, which ended on Saturday, the Foreign Ministry declined to comment on the matter. But Foreign Minister Peres — who is promoting an international peace conference in which Jordan is slated to be a major Arab participant — said at yesterday's cabinet meeting that he had criticized the Waldheim visit in an interview during the weekend on a U.S. television network.

Industry and Trade Minister Ariel Sharon raised the matter at yesterday's cabinet meeting when he called for an official government statement condemning Jordan's hosting of Waldheim. Recalling Palestinian leader Amin al-Husseini's alliances with the Nazis during World War II and what he called the yishuv leadership's "silence" in face of the Nazi atrocities, Sharon argued that the visit and Jordan's role should be condemned as contrary to the cause of peace.

Shamir responded that the government need not react to every event.

## 6-year-old Tal Moses dies of bomb injuries

Jerusalem Post Reporter  
TEL AVIV. — Six-year-old Tal Moses died of his injuries yesterday, three months after a petrol bomb thrown at his family's car near Alfei Menashe killed his mother Ofra and wounded the rest of his family.

Tal's brother Nir, 13, and sister Adi, 8, were released from hospital only last week following treatment for burns. Their father, Avraham, 36, and a 13-year-old friend of the

Moses children also suffered burns, but left the hospital earlier.

Tal, who was hospitalized at Beilinson, in Petah Tikva, suffered from burns on 80 per cent of his body. Doctors were unable to save him after he developed severe infections.

He is to be buried next to his mother in the Segula cemetery in Petah Tikva, at 11:30 a.m. today. The perpetrators of the attack have not been found.

## Peres seeks to meet Mubarak in Geneva

### Semblance of peace momentum

Foreign Minister Peres's effort to set up a meeting with Egyptian President Mubarak in Geneva this week were geared to provide a semblance of momentum to the peace process.

Since April, efforts to achieve the convocation of an international parley on the Middle East have seen no real progress. Without at least an appearance of some momentum, the peace process will go into inexorable decline.

Prime Minister Shamir's opposition to Peres's efforts to initiate a conference have been unwavering. Nothing short of general elections, and a Labour triumph could get the peace ball rolling again. Some minor progress may still be achieved at least regarding the problem of Soviet participation. U.S. Assistant Secretary of State Richard Murphy is due later this week to meet senior Soviet officials; their issue of the conference, including the conditions for Soviet participation and Moscow's position on the nature of the conference, are bound to be discussed.

Analysts favouring the peace process also see a positive sign in King Hussein's loyal espousal of the conference formula hammered out at his meeting with Peres in London last April.

But for most practical purposes, conference diplomacy has gone into suspended animation.

## ANALYSIS

BENNY MORRIS

The demise of the 1983 U.S.-sponsored Israeli-Lebanese agreement certainly shook American self-confidence, as did the unhappy end of the American military intervention in Lebanon over 1982-84. More recently, the American ability to initiate anything in the Middle East has been severely curtailed by Iran.

But it runs deeper. Perhaps Reagan and Secretary of State George Shultz don't really believe a comprehensive Middle East peace or even an Israeli-Jordanian peace or non-belligerence are attainable.

The fact is that Washington, whether deliberately or not, has played no mean part in the demise of the current peace process; it has acted more the undertaker than the handmaiden of peace.

Pro-conference analysts in Jerusalem say that Peres, between October 1985 and last April, achieved the impossible — an agreement with Jordan for an international conference that would trigger direct bilateral negotiations and would not have the power to impose a solution on parties

concerned. And these parties would not necessarily include the PLO.

The U.S., for its part, had done "very little" to help this agreement take shape, these analysts charge. There was a feeling in Middle Eastern capitals that the little achieved by the behind-the-scenes mediation and "micro-diplomacy" by Murphy and special ambassador Wat Cluvers lacked clear backing from the President, and that Washington had no cohesive peace strategy for the Middle East.

Then came the April Peres-Hussein talks in London and the agreement in principle on the major terms of reference for the conference. The document, "on American notepaper," lacked the all-important "finis" of the signatures of the two leaders, agreement in detail about various clauses, and an agreed timetable of countdown to the conference.

What was needed was a shuttle by Shultz which would have turned the signed London blueprint into a secret, public pact. Presented with such a document, the Likud, or at least some of its senior ministers, would probably have caved in, and a majority in the inner cabinet would have supported the document.

But contacts between Peres and

(Continued on Page 3)

## 'Pravda' bemoans vodka home brewing

MOSCOW (Reuter). — The Communist Party newspaper Pravda said yesterday illegal home brewing of vodka was on the increase as Soviet drinkers sought to get round government restrictions on sale of hard liquor.

In a front-page editorial, the newspaper said sale of sugar — an essential ingredient for vodka — had risen in state shops across the country by one million tons over the past 18 months since a Kremlin anti-drink decree.

The decree, championed by Soviet leader Mikhail Gorbachev, ordered a drastic cut in the hours during which wines and spirits can be sold as well as a switch from vodka to soft-drink production in many liquor factories.

"Home vodka-brewing is spreading more and more widely," Pravda said. "Moonshiners are doing great harm to society by buying up some of

the most valuable food products: sugar, beet and grain."

Production of samogon, the home-brewed-vodka mainly made from sugar and potatoes, has been widespread in the Russian countryside since long before the 1917 Bolshevik revolution.

"But," Pravda said, "samogon is now being made not only in the villages but also in apartments in towns and cities. Since the beginning of this year, some 100,000 people have been brought to court for brewing and selling it."

The newspaper said underground shops had appeared, trading at inflated prices in samogon and state-brewed vodka bought from official shops and making small fortunes for the illegal dealers.

Pravda said the 1986 decree had led to a

reduction of 50 per cent in overall alcohol consumption as well as a sharp decline in the number of people detained for drunkenness and of crimes committed under the influence of drink.

But it quoted letters from readers complaining that the campaign had slackened recently in many areas of the country.

One letter from a group of women in a village in the Brest region near the Polish border suggested vodka sales were again rising in state shops. "For more than a year we lived like decent people, and we could not have been more happy with our husbands. They became hard-working and caring," the women wrote.

"But now trucks are bringing vodka to the shop again and once more there are tears and woe among our families."

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	5.7.87	MIN.	MAX.	
AMSTERDAM	12	14	19	Clear
BRUSSELS	12	14	19	Clear
BURNOUS AGERS	12	14	19	Clear
CHICAGO	16	22	28	Cloudy
COPENHAGEN	11	12	20	Clear
FRANKFURT	14	17	21	Clear
GENEVA	16	17	21	Clear
HONGKONG	11	12	19	Cloudy
KOBE	18	22	26	Clear
LONDON	17	18	21	Clear
LYON	17	18	21	Clear
MADRID	15	17	22	Clear
MONTREAL	19	22	27	Clear
NEW YORK	24	25	31	Cloudy
OSLO	14	17	22	Clear
PARIS	16	17	21	Clear
SAO PAULO	12	14	24	Cloudy
STOCKHOLM	19	21	26	Clear
TOKYO	19	22	27	Clear
TORONTO	16	17	22	Cloudy
VIENNA	15	17	22	Clear
ZURICH	15	17	22	Clear

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## THE WEATHER

	Yesterday's	Today's
Humidity	Min-Max	Min-Max
Jerusalem	—	25 25
Golan	—	28 28
Nahariya	—	28 28
Safed	—	25 25
Haifa Port	—	25 25
Tiberias	—	33 33
Nazareth	—	29 29
Afula	—	30 30
Shomron	—	28 28
Tel Aviv	—	28 28
B-G Airport	—	28 28
Jericho	—	36 36
Gaza	—	28 28
Beersheba	—	32 32
Eilat	—	39 39

**SOCIAL & PERSONAL**  
Kalman Mushin, of the Carmel Rotary Club, has been installed as the new governor of Rotary Israel.

## DEPARTURES

World Wizo President, Mrs. Raya Jaglom, for London, to participate in the International Council of the World Conference on Soviet Jewry.

## LAVI

(Continued from Page One)

Shamir last night indicated his support for a compromise. Questioned by an Iim reporter following an address to Canadian Jewish fund raisers, he said he would try to devise a unified stand on the Lavi. "There are different opinions in all camps, but the lengthy debates prove a common approach can be worked out," Shamir told the ministers yesterday, he hoped to devote the cabinet's next session on the Lavi to the presentation of concrete proposals.

Observers believe that once the IAI proposal has a sound recommendation, it will find the minister who will table it.

Absorption Minister Ya'acov Tsur indicated he would go along with a revised IAI plan, provided that it cuts production costs, including wages and workers' benefits, and takes other measures towards efficiency. If these conditions are met, he will vote for an increase in the defence budget to finance the Lavi. Labour Minister Moshe Katsav, who said he believed a "compromise proposal" will be endorsed, explained that ministers are evenly divided, so "a compromise" is only natural.

According to his calculations, if the cabinet were to vote now, Shamir, Peres, Haim Corfu, Shoshana Arbeli-Almoslino, Ariel Sharon, Gad Ya'acobi, David Levy, Moshe Arens, Yosef Shapiro, Gideon Patt, Ya'acov Tsur and Katsav himself would vote for the Lavi.

Nissim, Rabin, Zevulun Hammer, Arye Nehamkin, Moshe Shahal, Yitzhak Moda'i, Yitzhak Navon, Haim Bar-Lev, Avraham Sharir, Ezer Weizman, Yitzhak Peretz and Yigael Hurvitz would vote against.

The project's supporters have been motivated by economic, and other considerations. Katsav has calculated that the IAI will fire some 4,000 of the 5,000 people employed on the project if the plane is grounded. Following consultations with the IDF's Planning Branch he surmised other defence establishment industries will have jobs for at most half of those workers.

## Begin great-grandchild

Former premier Menachem Begin yesterday called his granddaughter Ayelet Milo-Levy to congratulate her on the birth of her daughter and his first great-grandchild — a 3.48-kg. healthy baby.

Milo-Levy was at her grandfather's home on Saturday evening when she started feeling labour pains. She was taken to Hadassah Mt. Scopus where she gave birth before midnight.

## HOME NEWS

# Court implicates land dealer Einav in Likud bribe

TEL AVIV (Iim). — West Bank land-dealer Shmuel Einav was cleared yesterday in the district courthouse of charges that he bribed Likud campaign officials in 1984 in exchange for land permits and building licences.

But the 65-year-old Einav, who was indicted last year, was found guilty of a lesser charge of "mediating" bribes that were paid by land-dealer Yitzhak Yanai to Avi Tsur, an aid to then-deputy agriculture minister Michael Dekel.

In his verdict, District Court Judge Eliahu Matza scored the Likud for not maintaining a proper distance between official duties and political campaigning. He was particularly critical of meetings held between Einav and Dekel in the latter's office.

"During the period leading up to the elections, we have in the office of minister Dekel open and explicit attempts at fundraising for the Likud," he wrote. "These activities were directed at West Bank land-dealers... and their goal was to raise money to finance the Likud's election campaign."

Though Einav also met with Prime Minister Shamir, who testified last December at the trial, the judge said there was no evidence at all to link Shamir to any contributions.

He said that Einav made a contribution to the "We Will Continue" fundraising arm of the campaign before the meeting had been

arranged. Still, insisted the judge, even though there was no intent to take advantage of the prestige of the Prime Minister's Office to solicit funds "in principle it isn't proper to assemble a group of voters in government offices, even for the purpose of explaining policy."

Einav had been charged with paying Avi Tsur some 110,000 (old) shekels to cover the cost of a Likud event at the Hilton Hotel, and of giving three cheques totalling 3 million shekels to be transferred to the Likud's campaign.

He had also been charged and cleared of abetting the payment of bribes by soliciting money from other land-dealers.

He was found guilty of mediating bribes by guaranteeing cheques of 2.5m. shekels paid by Yanai to the Likud.

MK Yair Tsaban (Mapam) last night called for the resignations of Shamir, Dekel and any other Likud officials who were directly involved in obtaining campaign donations from West Bank land-dealers.

Tsaban said that if then-premier Yitzhak Rabin was forced to resign in 1977 because of a foreign-currency account held illegally by his wife, then Shamir must certainly "reach personal conclusions" and resign.

Tsaban also called for an urgent meeting of the Knesset State Control Committee.

## Lahat won't fire Ze'evi over controversial remark

By JONATHAN KARP  
For The Jerusalem Post  
TEL AVIV. — Mayor Shlomo Lahat will not fire Ha'aretz Museum director Rehavam Ze'evi for proposing that Israel transfer Palestinians from the territories to Arab countries, the city spokesman said yesterday.

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"There is no chance the mayor will ask for Ze'evi's resignation," Benny Cohen said. "Lahat does not share Ze'evi's views, but you cannot fire a man for his ideas."

Following the remarks by Ze'evi, a reserve general and former OC Central Command, several public figures called on Lahat to dismiss him. Lahat is to meet with Ze'evi this

morning, but according to Cohen the meeting was scheduled two weeks ago and has nothing to do with the recent incident. Cohen conceded that the subject was likely to come up.

In any case, Ze'evi announced a few months ago that he would resign from his post on August 1 because Lahat had refused to allocate more money to the museum. He had threatened to resign twice before, eventually backing off after reaching compromises with Lahat.

Lahat is understood to be consulting with city council members over whether or not to compromise this time.

In a recent city comptroller report, Ze'evi was criticized for mismanagement and negligence.

## Stowaways arrested

Police have arrested two Turks who stowed away on a Turkish freighter that docked in Haifa port late last week.

The two are reportedly wanted by the police in Turkey. (Iim)

## Beduin sentenced for infiltration

BEERSHEBA (Iim). — Three Beduin who illegally entered Israel from Egypt were sentenced yesterday in the magistrates' court here to five months in prison.

## Key Shin Bet figures to testify today

By MENACHEM SHALEV  
Jerusalem Post Reporter  
Central figures in the Shin Bet are scheduled to testify today before the judicial commission of inquiry into the service's interrogation techniques.

The panel held its first session at Jerusalem's Shalom Zedek Hospital yesterday, discussing technical aspects of its work. Today the commission is expected to begin its hearings with a general review of Shin Bet procedures.

The commission will then examine a few specific cases which exemplify the legal problems involved in Shin Bet interrogations, but is not expected to review all of the cases brought to its attention by attorneys and citizens.

The commission, comprising former Supreme Court president Moshe Landau, former Mossad head Yitzhak Hafi and State Comptroller Ya'acov Maltz, has already drawn up a list of the witnesses to be summoned.

The lawyers representing the Shin Bet operatives who were involved in the last Nafim affair are to meet this week to coordinate their line of defence.

## Move to twin Tel Aviv-Cairo

By BRADLEY BURSTON  
For The Jerusalem Post  
TEL AVIV. — Cairo and Tel Aviv should be twin cities, American businessman and philanthropist Abraham Spiegel suggested yesterday.

Spiegel and Los Angeles Mayor Thomas Bradley yesterday concluded five days of talks with Egyptian officials, including a lengthy meeting in Cairo with President Mubarak and U.S. Ambassador to Egypt Frank Wisner. Bradley and Spiegel also conveyed a message from Prime Minister Shamir to the Egyptian president.

They also finalized details of a twin-city pact linking Los Angeles and the Cairo suburb of Giza, an agreement that moved Spiegel to press for similar Tel Aviv-Cairo ties. Spiegel is scheduled to meet today with Tel Aviv Mayor Shlomo Lahat to pursue the proposal further.

Spiegel says that the Egyptian president truly desires peace, not only because the treaty exists, but because he is personally committed to furthering peace in the region.

Meanwhile in Jerusalem yesterday, it was announced that high-ranking Egyptian and Israeli civil aviation officials would discuss tourism this week, with Israel asking that Arkia be allowed to organize charter flights from Elat to Luxor. Egypt's top civil aviation official, Osman Ziko, was due to arrive in Jerusalem yesterday at the head of his country's delegation.

# Harish to prepare legal brief against Peretz move on Nakash

Post Diplomatic Correspondent  
Attorney-General Yosef Harish is to prepare a legal opinion for Foreign Minister Peres this week denying Minister-without-Portfolio Yitzhak Peretz's right to appeal to France to withdraw its request for the extradition of convicted murderer William Nakash.

At yesterday's cabinet meeting, Peretz called on the ministers to approve "on humanitarian grounds" his initiative and to rule against Peres's efforts to block him.

Foreign Ministry political director-general Yossi Beilin last week instructed ambassador to Paris Ovadia Sofer not to help in any way to arrange meetings for Peretz with France's justice minister and other officials. Peretz had earlier induced the director-general of the Prime Minister's Office, Yossi Ben-

Aharon, to cable Sofer to ask for such assistance.

The High Court Thursday upheld Justice Minister Avraham Sharir's decision to extradite, rejecting Nakash's request for an order nisi.

At yesterday's cabinet meeting, Peretz said that both Prime Minister Shamir and Sharir had approved his trip to Paris to persuade French leaders to withdraw France's extradition request.

But Harish, who had approved Beilin's action, retorted that it is "unthinkable" that while one minister, Sharir, "who is responsible for extraditions, decides one thing and another minister, Peretz, would act to subvert this decision. It is contrary to every principle of orderly government."

Peretz argued that "there is undue enthusiasm to extradite Nakash."

Peretz responded that he would answer Peretz formally, after receiving a written opinion from Harish, but meanwhile he continued to believe that an initiative such as proposed by Peretz could not be regarded as that of an ordinary citizen. His efforts to block Nakash's extradition were contrary to various court rulings, said Peres.

Harish yesterday told The Jerusalem Post that Peretz cannot act in France except through the Foreign Ministry, and "I, the ministry and Peres oppose his initiative."

Harish added that Peretz's argument, that he was acting "on humanitarian grounds" had specifically been addressed to and rejected by the High Court.

Harish said that his opinion would be formulated in this spirit.

## Concern over missing girl

By BERNARD JOSEPHS  
Jerusalem Post Reporter  
Concern is growing for a young Australian missing since she left an Arava moshav last month. Police yesterday appealed to the public for information.

Theresa Neuhoff, 21, is 1.5 metres tall with short ginger hair and brown eyes.

Neuhoff was last reported seen in Eilat on June 25, two weeks after she left Moshav Ein Yahav where she was a volunteer.

The National Police Headquarters missing persons bureau said they had no reason so far to suspect foul play.

However, other police sources said that there was concern, especially in view of the attacks on women soldiers and volunteers in the south over the past two years.



Theresa Neuhoff

## Gov't probe into geriatric hospitals gets under way

By JUDY SIEGEL  
Post Science and Health Reporter  
Yehezkel Flomin, who has been appointed by the government to study the demands of the country's 30 private geriatric hospitals, began work yesterday without the cooperation of the hospital's owners.

The owners, whose institutions provide care to 2,000 chronically ill patients, are angry that the government will not agree to binding decisions on the duration and content of a future contract. Despite promises

made last week, the owners did not turn up at yesterday's scheduled meeting with Flomin, but no evacuation of patients — threatening last week but cancelled soon after — is expected.

Health Minister Shoshana Arbeli-Almoslino yesterday charged that leaders of the hospital owners were "not serious" about negotiating. She called on them to cooperate with Flomin, but said he would continue working even without their assistance.

## None hurt as bomb explodes on Haifa road

HAIFA (Iim). — A bomb exploded yesterday at a bus stop near the checkpoint junction. There were no injuries.

Police sappers combed the area, and the Haifa Bay road was closed

## Cars torched in R. Gan

RAMAT GAN (Iim). — Five cars belonging to local residents were set on fire here early yesterday morning.

Police last night had not uncovered a motive for the torching, which occurred around 4 a.m.

American Jewish Joint Distribution Committee

JDC — Israel

mourn the death of a dear friend, esteemed and learned colleague

**Rabbi AARON GREENBAUM**

and extend their sympathy to the family.

Heinz Eppler President

Ralph I. Goldman Exec. V. Pres.

Michael Schneider JDC Rep. for Israel and Staff

With deep regret, we announce the death of our wife, mother and grandmother

**DORA SHICKMAN**

The Family

Shiva at Maalot Dafna 118/29, Jerusalem.

The Institute for Research on Dutch Jewry mourns the death in Amsterdam of one of its founders

**MOZES HEIMAN GANS**

historian and man of deeds

who was active in the rescue of Jews during World War II and in the rehabilitation of the Dutch Jewish Community.

In profound sorrow and grief we announce the passing of architect

**ALEXANDER FRIEDMAN**

The funeral will leave today, Monday, July 6, 1987 (9 Tammuz 5747) at 1:15 p.m. from the plaza of the Jerusalem Great Synagogue (near Hechal Shlomo), for the Har Hamenuhot cemetery, Givat Shaul.

Shiva at the Friedman residence, 25 Sd. Ben Maimon, Jerusalem.

The Family

**BAR-ILAN UNIVERSITY**

Our sincerest condolences to LAWRENCE JACKIER, Co-Chairman of the Detroit Friends of Bar-Ilan

upon the passing of his father

**JOSEPH JACKIER**

former Chairman of Bar-Ilan Friends in Detroit, Founder of the Edith and Joseph Jackier Library Endowment Fund, and a devoted friend of the University.

Our beloved mother and grandmother

**MILLIE LEVY**

Widow of Abraham Levy

has passed away in old age, and was buried in Haifa on Friday, July 3, 1987.

Shiva at Bar-Levav, 14 Kiryat Sefer St., Ahuza, Haifa.

Lea and Elisheva Yehudit and Shaul Bar-Levav Grandchildren and great-grandchildren Dr. Jack and Di Penn Bennie and Dora Penn

With great sorrow we announce the death of

**EVA SLUSZNY**

(nee Singer)

after a long illness, bravely borne.

The funeral will take place today, Monday, July 6, at 2 p.m., at the Nahariya Cemetery.

Deeply mourned by: Eli, Ariel, Chanan and Gideon and the families in Israel and South Africa

In deep sorrow and anguish we announce the death of our dear one

**RITA PEREL**

The funeral will take place on Tuesday, July 7, 1987 at 10:30 a.m. at the Kfar Samir cemetery in Haifa. A bus will leave from 46 Wedgewood St. at 10 a.m.

The Bereaved Family

Shiva will be held at 46 Wedgewood St.

**THE HEBREW UNIVERSITY OF JERUSALEM**

mourns

**Dr. GEORGE S. WISE**

Past chairman of the University's Board of Governors  
Honorary Doctor of the University

Generous and devoted visionary in the development of the Hebrew University.

Leader in the expansion of higher education in Israel and conveys condolences to his wife

FLORENCE.

**BAR-ILAN UNIVERSITY**

mourns the passing of

**Dr. GEORGE WISE**

an Honorary Alumnus of the University, member of the Global Board of Trustees, Founder of the Alter and Chaya Schneeweiss Chair in Jewish Philosophy and Ethics, and extends sincerest condolences to his wife Florence.

Our Staff and Students mourn the death of

**Dr. GEORGE WISE**

Friend and Supporter of our institution

Ben-Gurion University of The Negev Faculty of Health Sciences



# Rioting resumes in Seoul at death of injured student

SEOUL. — Riot police hurled tear-gas grenades to stop about 2,000 students from marching into the streets of the South Korean capital yesterday. The demonstration began following the death of a student injured in an anti-government protest nearly a month before.

It was the first significant clash in the capital since President Chun Doo Hwan pledged last Wednesday to implement opposition demands for democratic reform.

Following the police action, the students regrouped and marched down the road to the nearby campus hospital where the student, Lee Han Yul, 20, died earlier in the day. They called for nationwide memorial services for Lee, who died 27 days after being struck in the head by fragments of a tear-gas canister June 9.

At a rally at Yonsei University protesting his death, students burned and trampled over memorial flowers sent by ruling party chairman Roh Tae Woo, and then marched to the campus gates where they scuffled with about 1,000 riot police.

Thousands of riot police had sealed off the campus for most of the morning, but then pulled back to allow students to visit the hospital's morgue, where an altar was set up in Lee's memory.

Scores of students were taken away by police when they tried to push their way through police lines during the morning.

Several opposition leaders, including Kim Dae Jung and Kim Young Sam, visited the altars and burned incense. Kim Young Sam, head of the opposition Reunification Democratic Party, called Lee a "martyr for democratization" and noted that "many people have been sacrificed while fighting the dicta-

torship."

Kim Dae Jung said, "I regret he died without knowing today's progress towards democracy... His death will become a burning torch lighting the way for the path of democracy in this country."

There were fears that Lee's death could trigger further violence and set back talks between the ruling and opposition parties on the democratic reforms.

The two sides are preparing to

work out details of the package, which calls for direct presidential elections, freedom for hundreds of political prisoners and an amnesty for leading dissident Kim Dae Jung, who is under a 20-year suspended sentence for sedition charges.

There should be some evidence today of the government's commitment to meeting opposition demands, with the scheduled release of around 1780 detainees.

The Ministry of Justice has said there are about 2,100 candidates for amnesty. The opposition says well over 3,000 detainees should be freed under the promised amnesty.

Saturday night about 1,000 people in the southern city of Kwangju clashed with police, who fired tear-gas to prevent them from holding a rally for a democratic constitution. A total of 23 people were detained.

## The 'han' factor bursts its banks

By PETER MCGILL

SEOUL. — During the past tumultuous weeks in South Korea, the most telling demonstration in Seoul of the people's desire for democracy happened quite spontaneously late one night in a Presbyterian church.

Most of the congregation were rubbing their eyes from tear gas rolling down the aisles, after a candle-lit procession by pastors and lay workers from all over South Korea had been blocked from leaving the church gate by riot police.

When the call to "pray for the motherland and democracy" was sounded, a convulsive charge seemed to grip the worshippers. The hall resounded with a cacophonous roar of lamentation, as sobbing men wrung their hands in the air and chanting women rocked

back and forth in inconsolable grief. The deafening noise was only halted by an exultant church leader's proclamation, "This government cannot last one more minute without its police and tear gas."

The awe-inspiring depths of emotion that night sprang from a reservoir of *han*, a complex Korean emotion embracing profound bitterness, craving and passion. Koreans refer to *han* when describing their feelings over the tragic division of the peninsula after the 1950-53 war.

While both North Korean leader Kim Il Sung's communist despotism and successive military-backed dictatorships in the South have attempted to harness *han* to their own state ideologies, it is essentially subversive of both regimes. It threatened to exceed government

control when divided families from North and South were briefly reunited in 1985.

*Han* fired the Korean rebellion of 1919 against Japanese rule, the student revolution of 1960, the massive demonstrations of 1979 and the bloodily suppressed Kwangju Revolt of 1980. The dark river of *han* draws on a long and depressing history of domination by great powers, frustrated nationhood and liberation, and crushed hopes of democracy. It finally burst its banks again this June 10, when history seemed again to be repeating itself with the nomination of another ex-general to be head of state. President Chun Doo Hwan has been desperately trying to contain the flood ever since.

(Observer News Service)



Student mourners in Seoul burn incense in a tribute to Lee Han Yul, a student of Yonsei University who died yesterday, 27 days after being hit by a tear gas shell. The students later clashed with the police in the university campus. (AFP telephoto)

## French vigil at Iranian embassy for wanted man

PARIS (AFP). — French police kept a close watch on Iran's embassy in Paris yesterday, as the week-old row continued over refusal by a ranking Iranian official to leave the compound to answer questions about alleged links with terrorist attacks here.

Tehran warned Paris on Saturday of the "unpredictable consequences" of the situation, but ended a five-day blockade of the French Embassy which they began last Tuesday.

No one was allowed to leave the embassy during the blockade, officials said here. Only doctors and supplies were allowed in.

Both Paris and Tehran yesterday maintained silence about the row.

The Iranian official holed up in the Paris embassy, Wahid Gerdji, is not a diplomat, French authorities say, and is sought for questioning about terrorist attacks which left 13 dead and around 200 wounded here last September.

Gerdji was questioned early last year about other attacks and released, police say. He reportedly holed himself up with his wife at the embassy after a French government official alerted him of his imminent arrest.

## Story of Waite's death 'unreliable'

LONDON (Reuters). — The Church of England said yesterday a Kuwaiti newspaper report that its kidnapped envoy Terry Waite had died in Lebanon was distressing and possibly another unreliable story.

Al-Anba quoted a "well-trusted source" close to political parties in Lebanon as saying Waite, missing since January, died of natural causes in the Bekaa valley last Tuesday or Wednesday.

A spokesman for Lambeth Palace, seat of the Anglican Church said: "It's a distressing story but we've had this type of thing before. There have been so many loony stories." He said the church had no way to confirm the accuracy of the Kuwaiti report.

Waite, 40, disappeared in Lebanon while on a mission to secure the release of Western hostages believed held by pro-Iranian Moslem extremists.

## Bonn president seeks better ties in Moscow

BONN (Reuters). — West German president Richard von Weizsaecker leaves today on a visit to the Soviet Union to seal an improvement in relations with both sides trying to play down the embarrassing affair of teenage pilot Mathias Rust.

Soviet and West German officials have been at pains to stress that Rust's month-long imprisonment after landing a light plane near Moscow's Red Square should not be used to throw a chill once again on bilateral ties.

Von Weizsaecker, the first Bonn head of state to visit the Soviet Union for 12 years, will seek to assure the Kremlin that West Germany, Nato's front line and the likeliest European battle ground, wants close, trouble-free contacts with Moscow.

Bonn has insisted there was no chance the trip would have been postponed because of the Rust case.

## Divers raise huge hand, believed that of Colossus

ATHENS (AFP). — A huge bronze left hand believed to be part of the Colossus of Rhodes, one of the Seven Wonders of the Ancient World, has been found on the sea-bed near Rhodes, it was officially announced here.

Merchant Marine Minister Stathis Alexandris said the hand was 1.8 metres long and 85 cm. wide and had been found by ministry frogmen at a depth of 52 metres near the island of Rhodes.

The Colossus was built between 304 and 292 BCE. It collapsed in an earthquake in 227 BCE.

Alexandris said that oceanographers had taken several pictures of the hand and that archaeologists working with the Culture Ministry had travelled to Rhodes on Saturday to determine its exact origin.

Underwater searches were launched in the Rhodes region on June 18 by the Merchant Marine Ministry, which announced a week later that two objects also believed to come from the Colossus had been found.

The 31-metre-high statue guarded the entrance to the port at Rhodes. Some of its wreckage was sold after the Arab invasion of Greece in the seventh century.

## Rifa'i in Damascus, seeks Syrian-Iraqi reconciliation

DAMASCUS. — Syrian president Hafez al-Assad had three hours of talks here yesterday with Jordan's Prime Minister Zeid Al-Rifa'i which diplomats said focussed mainly on King Hussein's efforts to reconcile ideological foes Syria and Iraq.

A presidential spokesman said Rifa'i delivered a message to Assad from the king, but declined to reveal its contents. He said the talks covered developments in the Middle East and issues of common interest.

The diplomats said Rifa'i, who was last here on June 24 when he accompanied King Hussein on a visit to Syria, had probably briefed Assad on the king's talks last week with Iraqi President Saddam Hussein.

Meanwhile, French Foreign Affairs Minister Jean-Bernard Raimond arrived in Amman yesterday for a 24-hour visit, during which he was scheduled to meet King Hussein.

## PEACE MOMENTUM

(Continued from Page One)

Shultz on a shuttle were stymied by Shamir's despatch of Minister-without-Portfolio Moshe Arens to Washington. Arens argued fiercely against the shuttle, saying it would constitute American intervention in Israeli internal affairs (i.e. the Labour-Likud rift over the conference). Arens implicitly threatened that Israel would turn to Congress to block the administration's pro-conference diplomacy.

Had Shultz come, it would have put the Likud in an impossible position, but Shultz allowed Arens to frighten him off. The shuttle was quipped, in the bud, say the pro-conference analysts here.

Washington committed its second major error by trying secretly to persuade Shamir to relent on the conference while its public stance was an "ambiguous, hands-off" position.

Washington failed to understand, or foresee, that the message of the secret diplomatic communications — Reagan had written explicitly of an "historic opportunity" that should not be lost — would be obscured by the Likud's spokesmen, while the public ambiguity would be spotlighted as the true expression of American feeling.

If the State Department had hoped that quiet diplomacy and persuasion would move Shamir they were sorely disappointed. Much of the Israeli public believed that Peres had not achieved a 1977-style breakthrough towards peace, but was merely playing party politics or at best had obtained a somewhat dubious document.

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## Army backs Haiti junta

PORT-AU-PRINCE (AFP). — Haiti's armed forces have reaffirmed support for the ruling National Government Council (CNG), which has been under pressure this week from protesters calling for its removal.

The show of military support came as the electoral council, charged with organizing November general elections, said it was breaking off negotiations with the government because of its alleged brutality in putting down protests.

Some 30 senior officers from the

army high command and different military regions said they gave "total support" to the CNG, and that they thought it should "remain in power" until February 7, 1988 "in accordance with the constitution."

The officers reiterated their "intentions to maintain total neutrality" in planned future electoral contests and called upon all political organizations and movements to "back them in efforts to maintain the peace."

## FOREIGN BRIEFS

### Mubarak gets 100 per cent salary rise

CAIRO (Reuters). — The Egyptian Parliament yesterday gave President Hosni Mubarak a 100 per cent pay rise.

The People's Assembly passed a bill doubling the tax-free annual salary of the head of State to 12,000 Egyptian pounds — about \$17,000 at the official rate but only \$5,500 at the market rate set by banks.

With no challengers and little dissent, Mubarak is set to be nominated for a second six-year term as President of Egypt from next October.

### Swedish burglars nail home-owner to floor

STANGBY (Reuters). — A gang of thieves in this southern Swedish village nailed a 24-year-old man to his living room floor after being surprised during a break-in attempt.

A police spokesman said the man came home early on Saturday morning to find six men ransacking his villa. After he tried to fight them off, the gang stopped his struggles by nailing his foot to the floor. The man was left in agony for three hours before being discovered by a friend.

The victim was taken to hospital but was able to go home.

### Chirac and Kohl stress reconciliation in Europe

REIMS, France (Reuters). — Prime Minister Jacques Chirac and West German Chancellor Helmut Kohl, marking the 25th anniversary of post-war reconciliation, pledged yesterday to further ties to avoid future European conflict.

The two leaders met to commemorate a 1962 mass in Reims Cathedral attended by Gen. Charles de Gaulle and Chancellor Konrad Adenauer which symbolized the end of decades of hostility.

It was at Reims Cathedral, where the kings of France were crowned, that de Gaulle and Adenauer sought to open a new era in Franco-German relations by kneeling down together at the same mass.

### 2 gunmen steal arms from Swedish barracks

STOCKHOLM (Reuters). — Two masked gunmen yesterday raided a high security barracks which houses the crack regiment responsible for defending key Swedish government buildings, a military spokesman said.

The men tricked a guard into opening a bullet-proof door at the entrance to the central Stockholm barracks, and then handcuffed him to a chair. They stole five machineguns and live ammunition and then ran off.

The spokesman said emergency procedures were being tightened.

### Tomb defilers demand ransom for Peron remains

BUENOS AIRES (Reuters). — The hands and sword of Juan Peron — which were taken from the late Argentinian president's tomb — will be pulverized if an \$8 million ransom is not paid, according to a ransom note made public here.

The anonymous note to Peronist party leader Vicente Saadi, dated June 23 and signed by "Hermes (A) and the 13," indicated that the operation to steal Peron's hands and sword was carried out on June 10.

A lengthy search confirmed the theft at the tomb at Chacarita cemetery in the capital where Peron was buried after his death 13 years ago.

### Most Americans distrust North

## Poll finds 59% think fired aide won't tell Congress truth

By DAVID MAKOVSKY

Jerusalem Post Correspondent

WASHINGTON. — Fired White House aide Lt.-Col. Oliver North is scheduled to begin testifying before a congressional panel on his role in the Iran-Contra affair tomorrow, but 59 per cent of all Americans say that they will not believe he is telling the truth, according to a poll in the most recent edition of the news-weekly U.S. News and World Report.

The poll also says that 57 per cent believe President Reagan is lying in denying knowledge about the diversion of funds from the Iranian arms sales to support the Contra rebels in Nicaragua. Despite this, Reagan's popularity remains high at over 50 per cent.

The U.S. News and World Report survey also says that 48 per cent of those asked believe that North is being made the "fall guy" in this affair.

White House Chief of Staff Howard Baker yesterday sought to put distance between Reagan and North. Speaking in the ABC Sunday television show, "This Week with David Brinkley," Baker said, "Oliv-

er North was a second or third level staff person. He did not have access to the president. We have searched the records, and I do not believe North ever saw the president by himself, one on one, ever."

The Miami Herald yesterday reported that North drew up contingency plans to suspend the U.S. Constitution and impose martial law in the U.S. in case of a nuclear war or widespread opposition to a U.S. invasion abroad.

The newspaper also reported the Senate panel investigating the Iran-Contra affair has been told that North operated a powerful parallel government from 1983 to 1986.

It quoted a secret memorandum, written by Arthur Liman, chief counsel for the Senate panel, before the current hearings opened May 5. Parts of the memo were provided to the Herald, the newspaper said.

The report said North exercised enormous influence over the informal secret organization, whose members included Attorney General Edwin Meese, late Central Intelligence Agency director William Casey and former national security adviser William Clark.

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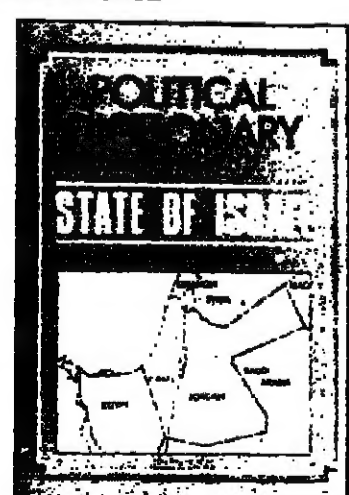
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## Burial is an expensive business in Hongkong

HONGKONG (AFP). — For want of space, cremations have gained popularity in land-scarce Hongkong where burials — traditionally a Chinese preference — have become too expensive for most people.

"The Chinese used to believe in 'enter the soil in peace,' but permanent graves have become a rarity," said Siu Lum, a veteran of the local funeral parlour business.

A permanent grave in Hongkong currently costs 150,000 Hongkong dollars (19,230 U.S. dollars). Gov-

ernment statistics show that of the 26,030 deaths registered in 1986, about 65 per cent were cremated compared to a mere 10 per cent in the early 1960s.

Hongkong has 10 public and 26 privately run cemeteries. Due to the shortage of space, the 10 public cemeteries do not offer permanent tombs. Instead, a coffin has to be removed from the burial site after six years, part of a procedure known as "collecting the bones." The bones are then stored in urns housed in the

cemeteries' *Kam Tap*, which means Golden Tower. According to observers, this has become the accepted — though not preferred — burial practice in Hongkong's predominantly Chinese society.

Many of the private cemeteries are run by specific religious groups and will therefore only accept a person of that denomination e.g., Catholics or Moslems.

The biggest private graveyard organisation here is the non-commercial Chinese Permanent Cemeteries, which runs three major burial grounds on both sides of Hongkong's Victoria Harbour. Operating under government supervision, a permanent cemeteries spokesman said that they currently charge 150,000 Hongkong dollars (\$19,230 U.S.) for a permanent grave. The spokesman said that payment — used for the upkeep of the cemeteries — has to be made in cash and in full.

"We really don't have many grave spaces left and in a way we're encouraging people to choose cremation rather than burial."

But the idea of cremation still bothers some.

"To allow one's body to be burnt to ashes sounds horrible. I don't like it," said housewife Tung Keng-hon. This 71-year-old grandmother from a middle-class family said her children had thought of "booking" a permanent burial site for her.

"I've talked them out of the idea," she said. "I don't want them to spend such a large sum of money just like that. In any case I'll probably live for a long time yet," she said, adding that the "best solution" would probably be a burial in her hometown in Fenghua County in China's eastern province of Zhejiang.

Apparently cashing in on Hongkong's scarcity of grave sites, the Chinese government recently set up a cemetery in Shenzhen City which adjoins Hongkong, solely for the use of overseas Chinese, the *Ming Pao* newspaper reported. The cemetery, called the Overseas Compatriots Burial Garden, charges about 15,000 Hongkong dollars (\$1,923 U.S.) for a permanent grave site, about one-tenth of the cost in Hongkong, according to *Ming Pao*.

The high price of a grave in Hongkong has also quelled the tradition-

al desire to bury one's relatives in a place with good *Fung Shui*, said Siu Lum.

*Fung Shui* — the Chinese art of geomancy which seeks harmony between a man-made structure and its natural surroundings. For generations, the Chinese have believed that good *Fung Shui* will bring their descendants good luck and fortune.

The general criteria were that a grave should have a hill behind it and face the sea.

"To hire a *Fung Shui* expert to find a grave could cost tens of thousands of dollars," Siu Lum commented.

The spokesman for Chinese permanent cemeteries said they were looking forward to obtaining a piece of cleared land from the government to build a fourth graveyard.

He said that the new cemetery site would be at the undeveloped area of Junk Bay to the east of the Kowloon Peninsula. Meanwhile, he added, a large number of new urns are being built in most of Hongkong's cemeteries to meet a growing demand.

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# The Battle Over Bork

## Senate Liberals Will Try to Block Nominee On Ideological Grounds

By STUART TAYLOR Jr.

WASHINGTON With the direction of the Supreme Court, the Reagan legacy and the Democratic Presidential nomination all in play, the nomination of Judge Robert H. Bork portends the biggest ideological battle of President Reagan's second term. It will also be the major test of modern times on an issue as old as the Republic: Is the Senate's "advice and consent" role a mandate to reject a Presidential nominee to the Court because it dislikes his ideology?

The recent tradition, which the Administration says is rooted in the Constitution, has been Senate acquiescence on judicial nominees who share the President's philosophy. But liberals say the framers of the Constitution intended the Senate to play a coequal role; otherwise, they maintain, it would be rubber-stamping a President's effort to remake the law of the land — and to roll back constitutional protection of abortion rights — through appointments to the Court.

The liberals are citing experience going back to the debates at the Constitutional Convention and the Senate's rejection in 1795 of John Rutledge, President Washington's nominee to be Chief Justice, largely because of the nominee's opposition to the Jay Treaty with England. In the two centuries following, the Senate has rejected or forced the withdrawal of nearly 20 percent of presidential nominees to the Court.

Recent confirmation battles, even the liberals' attack on Justice William H. Rehnquist's elevation to Chief Justice, have focused on allegations of personal misconduct and veracity. But ideology was one key issue when President Johnson was forced to withdraw his nomination of Justice Abe Fortas to be Chief Justice in 1968. The senators opposing him included Strom Thurmond of South Carolina, now senior Republican on the Judiciary Committee, who took the occasion to filibuster against the liberal jurisprudence of the Warren Court, and Howard H. Baker Jr., now White House Chief of Staff.

Ideology has assumed such prominence in the battle over Judge Bork because his vote and intellectually muscular conservatism seem so likely to tilt the Court sharply to the right on such politically and emotionally charged issues as free speech, affirmative action, religion and, most conspicuously, abortion. In many 5-to-4 decisions on these issues, the man he would replace, the moderate-to-conservative Justice Lewis F. Powell Jr., had voted with the liberals.

Judge Bork's eventual confirmation, even by a Democratic-controlled Senate, seems probable, though not assured. But with Senate hearings unlikely before

Labor Day and a final vote unlikely before the Court's new term begins, the process promises to be one of long duration and unparalleled ferocity.

Liberal groups say their crusade to stop Judge Bork will be their major priority of the Reagan era. They will be pressing senators who are seeking the Presidency, especially Joseph R. Biden Jr., who as Judiciary Committee chairman will run the hearings.

President Reagan and his supporters on the right will push back with equal passion. The Bork nomination represents a last, best chance to advance Mr. Reagan's social agenda.

### Genial and Tough

At the center of the storm stands a big, bearded, genial man, long a prominent critic of the "judicial imperialism" he ascribes to the "modern, activist, liberal Supreme Court." Most conspicuously, Judge Bork has denounced the 1973 decision identifying a constitutional right to abortion, and it seems clear he would provide the fifth vote to narrow, and perhaps overrule, that decision.

Liberal as well as conservative friends and associates praise Judge Bork as a deep thinker whose hard-edged theories are devoid of bigotry and tempered by a ready wit, who can enjoy a martini or a friendly debate with strong ideological adversaries. He won the American Bar Association's highest rating when nominated for the United States Court of Appeals for the District of Columbia, and the hunt for clouds on his integrity has been unavailing.

To his chagrin, the 60-year-old former Yale law professor has been known to the public chiefly as the Acting Attorney General who followed President Nixon's order to dismiss Archibald Cox as the first Watergate special prosecutor in the 1973 "Saturday Night Massacre." While opponents have deplored his role in that episode, some key participants say he acted honorably. Bork supporters question why the Senate should be any more troubled now than it was when it confirmed him unanimously in 1982.

His writings both as a scholar and as a judge clearly put him very far to the right on the spectrum of respectable legal thought. The law of the land would be very dif-



Judge Robert H. Bork

ferent today if Judge Bork had been in charge over the last few decades. He has denounced, for example, the "one person, one vote" rulings of the 1960's and decisions striking down poll taxes and protecting the advocacy of overthrowing the government.

While public controversy has centered on Judge Bork's denunciation of the abortion decision, his position on that issue is far closer to the mainstream of legal scholarship than some of his other views. He is assailed for what he terms "deference to democratic choice": his view that the judiciary should not override the social policy choices of elected officials by "creating" rights with no specific basis in the Constitution's language.

It is a measure of how deeply the institution of judicial review has taken root in America that elected senators are feeling so much pressure to reject a nominee whose philosophy rests on the premise that legislators should make the laws.

"He'll have a tough time getting confirmed, but he is stunningly smart."

Howard H. Baker Jr.  
White House Chief of Staff

"Robert Bork's America is a land in which women would be forced into back-alley abortions, blacks would sit at segregated lunch counters, rogue police could break down citizens' doors in midnight raids. . . ."

Senator Edward M. Kennedy  
Democrat of Massachusetts

"I think he would be an outstanding member of the Court. Bork deserves a lot of credit for standing up to Nixon and telling him to appoint another special prosecutor."

Elliot L. Richardson  
Former Attorney General

"The Court should not be a pendulum that swings back and forth depending on the ideology of the President."

Senator Paul Simon  
Democrat of Illinois

"When you have a man of this caliber, I think it's just terrible to try and make an ideological battle out of it."

Senator Orrin G. Hatch  
Republican of Utah

Can the Journey Succeed Without the Compass of Tradition?

## Inexperienced Korea Takes Bold Step Toward Democracy



President Chun Doo Hwan of South Korea announcing sweeping changes, including direct presidential elections.

By CLYDE HABERMAN

SEUL, South Korea For all the drama and talk of political miracles, democracy did not come to South Korea last week. Nor is it likely to come next week or the week after. Korea — accustomed to centuries of royal dynasty, Japanese colonial rule and postwar division into a Communist North and a usually authoritarian South — will need a lot more time to develop the traditions associated with modern democracies.

Still, an extraordinary series of events gave South Korea its greatest democratic push forward last week, raising hopes that the country could indeed have open elections, expanded freedoms and independence for local governments now umbilically tied to Seoul.

There had been considerable impetus for change as street protests rattled the streets of Seoul and dozens of other cities. The Government was reduced to two choices — call in troops or offer conciliatory gestures. But military intervention would have risked jeopardizing relations with the United States and other trading partners, and creating incalculable obstacles to staging a boycott-

free Olympics in Seoul next summer.

Concessions were considered the only possibility. But few were prepared for anything so bold as the reversal by Roh Tae Woo, the ruling party's chairman. He capitulated to every major opposition demand and, in effect, said he was prepared to run for the presidency later this year instead of having it handed to him by President Chun Doo Hwan. He also called for presidential elections by popular vote and proposed freeing political prisoners, restoring full civil rights to the opposition leader Kim Dae Jung, giving the trampled press greater license, and rewriting laws to insure fair elections.

Two days later, Mr. Chun closed the deal. He still did not like direct elections, he said, because they had been abused in the past. But South Koreans seemed to disagree, and he said, "no matter how good a system may be, it is of no use if the people do not want it." It was a remarkable turnaround, but then Mr. Chun has always shown a capacity to shift direction when there is no other way to go.

Rather than euphoria, the sudden Roh-Chun maneuver brought wary acceptance, as South Koreans decided to test the sincerity of the mili-

tary-backed Government. Important and long-suffering groups such as workers and farmers grumbled that they were not even mentioned. A big test may come with the expected release of political prisoners. The Government says the total is 1,150; church groups and others count at least 1,800. Who is freed may determine whether the conciliatory spirit takes hold or dissolves in acrimony.

None of the changes under discussion is likely to affect certain fundamentals. The vigilant, intrusive networks of police and intelligence agents are not about to disappear. Nor is the military as a final arbiter of South Korean politics, although the army does not interfere in daily Government affairs.

There are credible reports that many junior officers feel they should be concentrating on fighting North Koreans, not fellow South Koreans. Many among the general public, too, believe that the country has progressed beyond needing to worry about sudden intervention by unknown men in uniform.

But the military looms inescapably. Twice — Park Chung Hee in 1961 and Chun Doo Hwan in 1979 — generals seized control when democratic interludes became too disorderly for their tastes. Government officials now say that South Korea has changed and that there are no

officers similarly sitting by, watching whether the new liberal mood turns sour. No one can be sure, though.

Much will depend on how the politicians behave. Both the ruling and opposition parties are ill-prepared for direct elections. They have no programs on most issues, for they have never needed any. South Korean parties have rarely been issue-oriented, serving as power bases for strong leaders, whether Chun Doo Hwan or the two main opposition figures, Kim Young Sam and Kim Dae Jung. And Korean politics has a go-for-broke style that makes a mockery of compromise. The concept of a "loyal opposition," cooperating graciously in defeat in the agreed national interest, has yet to emerge.

### A Born-Again Democrat?

The potential for disharmony thrives within the opposition. Thus far, the two Kims have maintained unity, insisting their party will coalesce behind one presidential candidate. But their unity may be sorely tested. They have already begun to squabble over a proposal by Kim Dae Jung that Mr. Chun step down right away and cede power to an interim Cabinet that would include opposi-

tion members. To Kim Young Sam, the idea is an unnecessary complication at a delicate moment.

Assuming that hurdles in the path of compromise can be overcome, the presidential campaign could offer surprises. It has long been accepted that the opposition would win a direct election hands down, because the Chun Government is unpopular. That may still be true. But Mr. Roh, who presumably will be his party's candidate, improved his chances considerably last week by suddenly looking not like the former general that he is, but like an adroit politician and even a born-again democrat. And it is possible, political analysts said, that in the privacy of the voting booth, many South Koreans may ask themselves whether they really want to hand over management of the country to an untested opposition.

Some experts also warned against skepticism, arguing that in a country of hard-working people, near-universal literacy and growing affluence and sophistication, changes could be absorbed more readily than had been believed. Perhaps democracy was not in full flight to Korea, a foreign diplomat acknowledged, "but at least they put the stamp on the envelope."

### 'Civilianizing' Seoul

## Washington Delivers a Quiet Nudge

WASHINGTON THERE was a heady feeling at the State Department last week as officials professed satisfaction with the role they played as South Korea moved toward democracy. For many policymakers, the euphoria recalled their good feelings 16 months ago after "people power" triumphed in the Philippines.

In the Philippines, American officials had to work to persuade President Ferdinand E. Marcos to leave. In Korea, President Chun Doo Hwan had already pledged to step down in February 1988, and the objective was to open up the process by which his successor would be chosen.

In both instances, the main impetus came from within, from societies in ferment. In Korea, the American role was a delicate one, encouraging change while resisting calls to denounce the authoritarian regime.

Officials said the strategy was to

make clear to Mr. Chun that regardless of his country's strategic importance, he could not count on American support if he resisted popular demand for change. "We wanted to undercut any efforts," an American official said, "to use us for their internal propaganda."

The effort to make this point clear was a lesson in the importance of language and timing in diplomacy. The campaign began in February with a speech in New York by Gaston J. Sigur Jr., an Assistant Secretary of State, who urged South Koreans to begin "permanently civilianizing their politics." His remarks attracted little attention in the United States. But in Seoul, both the Government and the opposition took the message as intended — as a notice that the United States would not support continued repression.

"It's not so much a question of what we did as what we didn't do,"

said Representative Stephen J. Solarz, a Brooklyn Democrat who heads the Foreign Affairs subcommittee on Asia. He praised the Administration for denying the Koreans "the opportunity to feel encouraged" about American support. Mr. Solarz and House colleagues had helped keep up the pressure for change with statements and meetings with the opposition leaders, Kim Dae Jung and Kim Young Sam.

At week's end, the Administration contemplated turmoil in Panama and Haiti, two other nations where military regimes faced growing civil unrest, as well as stirrings toward more democracy in Taiwan. The situations were significantly different, but the State Department may have had the experience in Seoul in mind as it made clear, in Panama at least, its disapproval of the Government's behavior.

NEIL A. LEWIS



# The World

## Barbie Found Guilty of Crimes Against Humanity

For many, the two-month trial of Klaus Barbie was also "the trial of France," a forum for confronting old questions about the guilt of Vichy collaborators as well as of Gestapo torturers.

But in the end, his specific "crimes against humanity" overshadowed the debate over national guilt. Mr. Barbie was convicted on all charges early yesterday by a court in Lyons that had heard tales of torture and death made no less horrible by the passage of more than 40 years. The 73-year-old former Gestapo chief of Lyons was sentenced to life in prison.

"There was an exceptional crime, and this was an exceptional trial," said Serge Klarsfeld, a lawyer who

helped engineer Mr. Barbie's extradition four years ago from Bolivia. "And because memory is related to justice, it means that the children of Izieu will not die away in memory."

The reference was to 44 Jewish children rounded up from a hiding place and sent to their deaths in Nazi concentration camps. A panel of three judges and nine jurors convicted Mr. Barbie of 341 counts in an indictment that involved the deportation, unlawful imprisonment and torture of Jews and members of the French Resistance during the German occupation.

Contrary to some expectations, Mr. Barbie's lawyer, Jacques Vergès, was unable to turn the trial into a hearing on the French record of collaboration with the Nazis. Instead, Mr. Vergès, a supporter of radical third world causes, tried not only to discredit the trial but also to use it as a platform to accuse Western countries of committing their own "colonialist" crimes, which, Mr. Vergès said, equaled those of the Nazis.

## Soviet Disavows The Disavowable

Reagan Administration officials say they are waiting to hear more about what they described as an "informal, disavowable" Soviet suggestion for smoothing the way to a treaty limiting medium-range missiles. They say Col. Gen. Nikolai F. Chervov, head of the Arms Control Directorate of the Soviet General

Staff, offered the suggestion several weeks ago to Maynard W. Giltman, an American arms-control negotiator. The existence of the informal exchange was reported from Washington last week and promptly disavowed in Moscow.

According to the Administration officials, General Chervov suggested that the Russians might accept the American preference for having each side eliminate all its medium-range and shorter-range missiles around the world. The Americans would have to give up the right to make naval weapons from the ground-launched cruise missiles they would remove from Europe, and also agree not to convert their Pershing 2 missiles into shorter-range weapons that could be provided to the West Germans.

But a Soviet Foreign Ministry spokesman, Boris Pyadyshov, insisted that General Chervov had made no proposals and was not authorized to make any. Mr. Pyadyshov accused the Americans of painting "an unjustifiably radiant picture" of arms-control progress. He also cast doubt on reports that the Soviet Foreign Minister, Eduard A. Shevardnadze, and Secretary of State George P. Shultz would meet soon to prepare for a meeting of President Reagan and Mikhail S. Gorbachev, the Soviet leader.

## Haiti Erupts Over Military's Move

Liberty may well be an unalienable right, but it is hardly ever a sure thing. Haiti, which rid itself of an oppressive dictatorship 17 months ago and has been sputtering toward embryonic democracy, provided a case in point last week.

Faced with growing unrest, the provisional military Government said it would restore control of the Caribbean country's electoral process to an independent civilian council, which was set up by the new Constitution. The military had abruptly usurped the council's powers two weeks ago, raising fears that the



Haitian demonstrator during protest in Port-au-Prince against the military Government's attempt to seize the electoral process.

Government was turning into a dictatorship.

Haitians responded with violent demonstrations and a strike that paralyzed the country. The military's reversal did little to quell the discontent, and by late in the week, about two dozen people had died in violence, many of them protesters shot by soldiers.

"The people are fed up," said Jean-Claude Bajoux, a leader of the group that called the strike. "We must have a change of government."

The military did not explain its actions. Although Haiti veered toward anarchy after the fall of the dictatorship of Jean-Claude Duvalier in February 1986, the country had been relatively calm this year. Voters overwhelmingly endorsed a new Constitution in March.

## Senate for Ban on Toshiba Exports

Senators, already stung by Japanese commercial exploits that have helped produce the towering United States trade deficit, found a new target for anger last week. They voted, 92 to 5, for a two-to-five-year ban on importing the products of Toshiba Corporation, a giant Japanese company that had illegally sold sophisticated machinery for making submarine propellers to the Soviet Union.

The measure would also apply to Kongsberg Vaapenfabrikk, a Norwegian Government-owned defense contractor that supplied computer software to run the machines.

The Toshiba-Kongsberg propellers have made Soviet submarines qui-

eter and thus more elusive, an American security setback that may cost billions of dollars to overcome.

The Senate action was an amendment to the trade bill, which still must be approved by the House and faces a possible Presidential veto. The State Department opposed it as "counterproductive." If it becomes law, the Senate ban could affect about \$2 billion of Toshiba's \$22.6 billion worldwide sales and some of its 4,000 employees in the United States.

## U.S. Lashes Out at Panama Regime

The Reagan Administration took aim at Panama's military leadership last week. After anti-American demonstrations at the United States Embassy in Panama City, the State Department said the military had orchestrated them to counter American calls for democratic rule.

Hunting at corruption in the military, Assistant Secretary of State Elliott Abrams urged Panama's military leaders to "remove their institutions from politics."

Another pro-Government mob set fire to stores and offices owned by the family that publishes La Prensa, the leading anti-Government newspaper. The Chamber of Commerce called a three-day general strike and condemned "the criminal attitude of the authorities."

The demonstrations followed the lifting of a 19-day suspension of civil liberties after street violence last month. The unrest began when a Panamanian colonel accused Gen. Manuel Antonio Noriega, who as head of Panama's Defense Forces controls the Government, of having been involved in corruption, electoral fraud and political murder.

For his part, General Noriega again accused the United States of trying to destabilize the country as a pretext for backing out of its treaty agreement to hand over the Panama Canal at the end of the century.

Katherine Roberts, Milt Freudenheim and James F. Clarity



Klaus Barbie

Many Chileans Believe Deaths Were Aimed at Polarizing the Country

# Was Pinochet's Campaign Message a Dozen Killings?

By SHIRLEY CHRISTIAN

THE killing of 12 people in a 29-hour period in Chile last month may not stand out in the annals of violence committed in conflicts between Latin American governments and guerrillas. But in a country where the Government is known to apply its violence with relative selectivity and expertise, the chain of deaths of the dozen presumed leftist rebels has special significance.

The killings were seen by various politicians and other analysts as part of a strategy to keep Gen. Augusto Pinochet, the Chilean leader, in power and to divide his opposition. They contend that General Pinochet intended the killings to further polarize the country, hardening the confrontation between his right-wing Government and the far left, and pressuring those in the middle to choose the forces of order.

The intelligence police, known as the C.N.I., said all dozen victims died resisting arrest in various incidents. But in the past the C.N.I. has demonstrated that it is capable of rounding up large numbers of armed guerrillas without firing a shot. It said recently that it was holding more than 150 members of the Manuel Rodriguez Patriotic Front, the more active of two Chilean guerrilla groups, in detention.

The 12 killings last month were the most in such a short period since the mass executions after the 1973 military coup that brought General Pinochet to power. The operation began with the midday shooting on a sub-

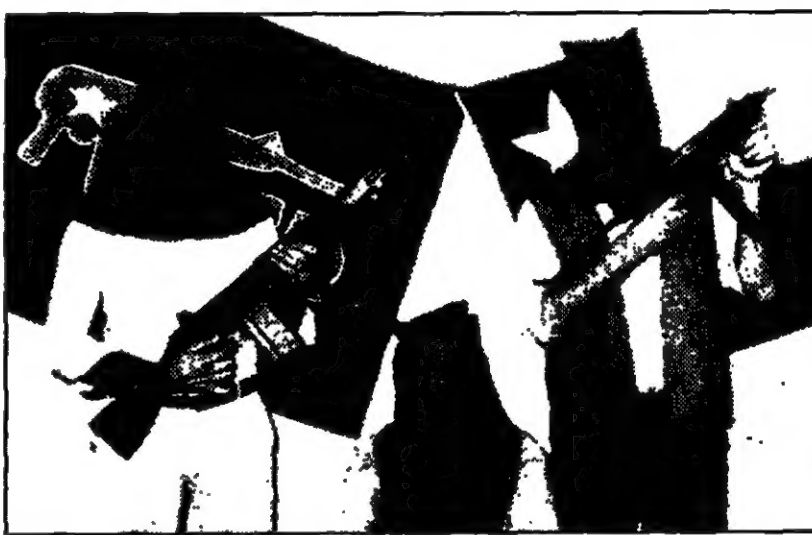
urban Santiago street of a man who the authorities said was the logistics chief of the Communist-affiliated Patriotic Front. The C.N.I. said he shot at its agents when they were about to arrest him. The authorities said that documents found on his body led them to the others. Two men were killed at separate sites, two at another and early the next day, the police said, seven people died in a gun battle at a house in a northern suburb.

## The Bullet Holes

Lawyers for human rights groups cast doubt on the official account, saying they found no bullet holes on the sidewalks near the house where the seven bodies were or other evidence that guns had been fired at the police. The lawyers also said that all of the bullet holes they found inside the house were in the floor, usually near bloodstains, suggesting firing at close range.

The authorities argued that the Communist guerrillas were responsible for the escalation of violence because they brought an arms arsenal into the country a year ago and then tried to kill General Pinochet in a September 1986 ambush that resulted in the deaths of five of his bodyguards. The guerrillas' supporters did not deny that new attacks may have been planned or that some of those killed had roles in the ambush.

The discovery of the arsenal and the assassination attempt had shocked General Pinochet's moderate opponents, in particular the Christian Democrats, the major party, who had supported the Communists' right to participate in legal political activity. The Government accused the moderates of helping terrorism, and some Chilean politicians are maintaining that a goal of last



Members of the Manuel Rodriguez Patriotic Front, a guerrilla group that is a target of the Pinochet Government.

month's killings was to convince groups that have been critical of the General of the dangers of leftist terrorism.

In particular, it is widely thought, the Government wanted to sway the military and policy commanders who do not want General Pinochet to seek a new eight-year term in the election scheduled for late next year. Political

outcomes, fit easily into the other side of the picture. They are trying to pull in the mainstream left, which might harbor hopes of eventually defeating General Pinochet at the polls instead of in the streets. The rebels and the general are trying to get across the same message: that the choice is between them.

cal analysts have speculated that the General may believe that a new sense of shared crisis could bring them back to his side.

Some Chileans said General Pinochet's strategy was also aimed at influencing elections this month for new leaders of the Christian Democratic Party.

One interpretation held that General Pinochet ordered the killings in the hope that the Christian Democrats would vote for a new leader from the party's left wing to spite him. This would serve his purposes, it was reasoned, because his military critics would not want to open contact with the party under those circumstances and would turn back to him. Another interpretation was that the General was trying to frighten the Christian Democratic left and others into accepting his electoral rules.

The guerrillas, dominated by people who believe, like the General, that violence is the key to influencing political outcomes, fit easily into the other side of the picture. They are trying to pull in the mainstream left, which might harbor hopes of eventually defeating General Pinochet at the polls instead of in the streets. The rebels and the general are trying to get across the same message: that the choice is between them.

Flamboyant Hakim, Khashoggi and Ghorbanifar Follow a Middle East Tradition

# Where the Custom Is to Mix Diplomacy With Profits

By STEPHEN ENGELBERG

LATE last year, an Iranian-born businessman named Albert Hakim sat down with Iranian officials to try to win their help in freeing American hostages in Lebanon. In a matter of hours, he made a key concession, agreeing that the United States would pressure Kuwait to release several Shiite Muslims convicted of a truck bombing.

The talks strike Americans as unusual for several reasons. Mr. Hakim was not a diplomat. He had no security clearance, and the commitment to lean on the Kuwaitis ran directly counter to American policy — and in fact was never carried out. Most surprising, the officials intended to become his business partners.

Congressional investigators have found much to ponder in the Reagan Administration's dealings with Iran through intermediaries who mixed personal profit with their own brand of international relations. When the hearings on the Iran-contra affair resume this week, Lieut. Col. Oliver L. North is expected to face questioning about his relations with Mr. Hakim, among others.

But a mingling of diplomacy and personal business is something of a tradition in the Middle East, where wealthy businessmen often put their contacts in the oil and arms industries to quasi-official use. A prominent example is Adnan Khashoggi, the billionaire Saudi arms dealer, who has for several years been shuttling between the Arab countries and Israel to work out a Middle East peace accord. Another is Rafi Carrare, a Lebanese businessman living in Saudi Arabia who played a role in indirect discussions among Israelis, Syrians and Lebanese over the future of Lebanon in 1983.

The first contacts between Iran and the United States were arranged by Manucher Ghorbanifar, an Iranian businessman and friend of Mr. Khashoggi. The Cen-

tral Intelligence Agency called Mr. Ghorbanifar a liar who could not deliver on his promises, but the National Security Council was willing to use him for months of secret dealings with Iran. Mr. Ghorbanifar's connections to the American hostages in Lebanon began in November 1984 when, a former C.I.A. official said, Mr. Ghorbanifar offered to help buy their release. Nothing came of the offer, and Mr. Ghorbanifar denies making it.

In July 1985, Mr. Khashoggi sent Robert C. McFarlane, then President Reagan's national security adviser, a lengthy outline describing what he said were negotiations he had had with Israel and the Palestine Liberation Organization. Attached were transcripts of several interviews with Mr. Ghorbanifar about Iran.

## Saudi Connections

In the paper, Mr. Khashoggi argued that international businessmen were particularly suited to arranging economic deals that might lead to political change. "Members of the international business community can talk in purely practical terms," he wrote, "without being accused of trying to gain political advantages." Several former associates of Saudi officials said Mr. Khashoggi's activities were secretly coordinated with the Saudi Government; if he failed, he could be disavowed. During Washington's arms dealings with Iran, Mr. Khashoggi helped finance several arms shipments. He also told Saudi officials about the secret American rapprochement with Iran, which apparently prompted the Saudis to initiate their own closer relations with Tehran.

In several recent conversations in Paris, Mr. Ghorbanifar similarly said he had acted on his own in arranging the Iran dealings. "I'm a free businessman," he contended. "I don't represent the Iranian Government; it's how things happen in the Middle East. You have free-lance businessmen and they solve all the political problems. It is different from the United States."

Mr. Ghorbanifar said he had made these arguments



The shadowy Iranian businessman Manucher Ghorbanifar, right, with Adnan Khashoggi, the billionaire Saudi arms dealer, in Paris.

to Michael Ledeen, a National Security Council consultant. Mr. Ledeen wanted Iran to stop supporting anti-American terrorism. Mr. Ghorbanifar replied that this was the sort of message that could be conveyed only by unofficial intermediaries like himself.

He told Mr. Ledeen: "O.K., if you want me to solve

dealings had been exposed by a Lebanese magazine. It may well have gotten its information indirectly from an Iranian source, Mr. Ghorbanifar, who said he makes it a practice to betray those who betray him.

"They said, 'To hell with the first channel,'" he recalled. "I said, 'To hell with them.'"

this problem it cannot be done in a diplomatic way. You cannot go to Iran as the State Department and say: 'You stop the terrorism.' They will say, 'You are the terrorist, get out of the room.' But I can go to them, and I know them; they are my friends. I can say, 'O.K., let's forget about the business. I know you do these things — don't tell me you don't — but now we can make peace.'"

The international businessmen may have launched the Iran contacts, but Congressional investigators suspect it was the interplay of commercial interests and domestic politics that led to their public exposure last year. Early in 1986, the White House had enlisted retired Maj. Gen. Richard V. Secord to arrange the logistics, his business partner, Mr. Hakim handled the complex financial arrangements overseas for the weapons transfers. Both men distrusted Mr. Ghorbanifar and decided, with the support of the C.I.A., to find new intermediaries. A "second channel" was eventually cultivated by Mr. Hakim, who said he hoped to share millions in profits with the Iranians involved. To build up the credibility of this new intermediary inside Iran, General Secord set a lower price for the weapons than Mr. Ghorbanifar had been charging the Iranians.

The results were explosive. Mr. Ghorbanifar said his Iranian contacts suspected that he had been charging a higher price because he was stealing. Within days, the Iran may well have gotten its information indirectly from an Iranian source, Mr. Ghorbanifar, who said he makes it a practice to betray those who betray him.



## More Than a Million Were Sent to the Countryside to Remold Their Views

## Students in China Turn Cynical and Apathetic

By EDWARD A. GARGAN

**S**TUDENTS at the University of Science and Technology in Hefei recently pasted narrow scrolls of paper on dormitory door posts, ink-brushed with the following sentiment: "We are indifferent to all affairs: state affairs, party affairs and world affairs. We turn a deaf ear to all sounds: the sound of wind, the sound of rain and the sound of reading."

Last December, thousands of college students tramped through the snowy streets of Hefei, a provincial capital in east-central China, demanding greater political and intellectual freedom. The protest triggered similar student demonstrations in nearly 20 cities. But now, just six months later, a mixture of apathy and rebellion, resentment and apprehension, has washed across the campuses. "We still want democracy," a graduate student said in Beijing. "But now, who knows when it will come, maybe in a thousand years."

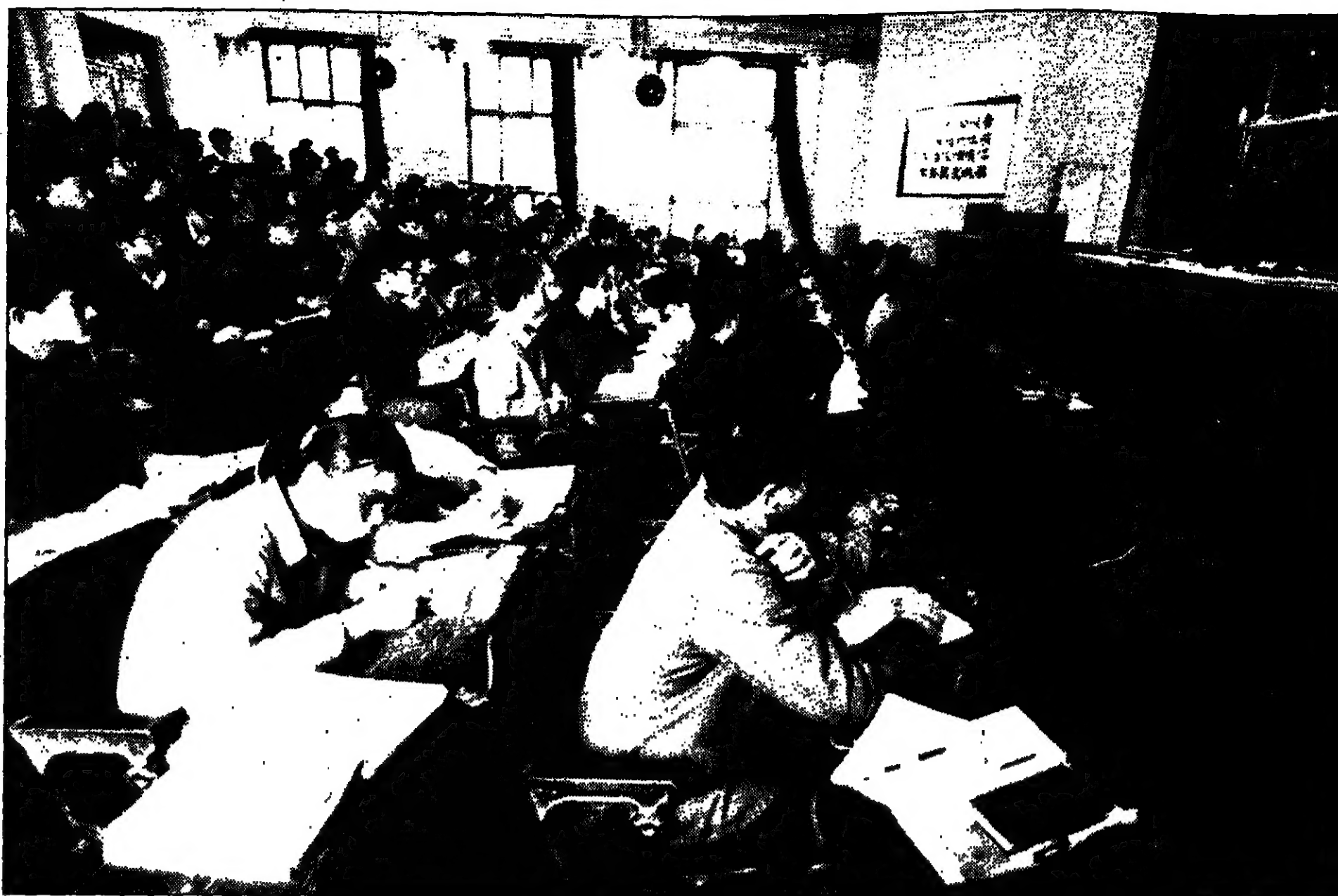
The swift and harsh Government crackdown on student unrest last winter appears to have provoked widespread discouragement about the country's future and the students' own prospects, despite stepped-up indoctrination on every campus. Last week, for the first time since the violent mass migrations of the Cultural Revolution of the 1970's, more than one million college students were on their way to spend the summer recess on compulsory jobs in factories, offices and rural villages, as part of the Government's effort to remold their views.

As the summer recess approached, accounts of widespread student indiscipline — caused, the authorities contended, by the corrupting influences of Western thought — have appeared in the press.

At Hangzhou University, students "more than once broke into unoccupied dormitory rooms and played mah-jongg and poker there," according to the People's Daily, in a typical account of late-semester student behavior. "In addition, these students have frequently drunk excessively and danced cheek-to-cheek with people until morning in their dormitories." The students, the paper asserted, were "influenced by moribund bourgeois ideas." Thirty-three were disciplined, some by expulsion.

In addition to unruly behavior, cynicism has engendered considerable discussion among students and in the national press over the "three ways" — black, gold and red — for students to pursue a career. The black way is to leave China to study abroad, to earn a black graduation cap and gown. Gold involves going into business in hopes of becoming rich. And red refers to joining the Communist Party and becoming a Government official.

In all three cases, the authorities complain, students



Students in a science class at the Jiaotong Technical University in Xian, China.

Sigmund Jon Perle/Liaison

are driven by blatant opportunism instead of devotion to the socialist ideals that, to a greater or lesser degree, infuse the thinking of China's aging leaders. Authorities complain bitterly that even party membership has become little more than a ticket to better pay and housing.

A graduate student at a prestigious Beijing institute who will work at the Bank of China explained his choice of the red path: "If you aren't in the party, you can only go up to a certain level. For all the senior positions, you have to be a party member. My friends don't believe in the party but they all joined. There's no other way."

Study abroad, meanwhile, has become a mecca-like goal for thousands, many of whom admit privately that they do not intend to return to China. The Government recently dispatched a high-level delegation to urge the United States to compel 20,000 Chinese students to return home when they finish their studies. And after rumors

that Australia planned an amnesty to permit foreigners to become citizens, the Australian Embassy was inundated with student visa applications. The Ambassador had to summon the Chinese press to deny the rumors.

To halt the spreading ideological erosion, major changes in higher education policy were announced this spring. Liu Ji, the deputy party secretary at the university in Hefei, was blunt: "In order to help students to foster the proletarian world outlook, political and ideological work should be carried out through the teaching of science, technology, theory and literature and art."

At Beijing University and Fudan University in Shanghai, nearly 300 political propagandists have been given the title of "lecturer" or "professor" — effectively equating propaganda work with academic teaching.

Some undergraduates planning postgraduate studies have been told they must first take a job for two years.

And applicants to study abroad, under regulations issued last month, must "ardently love the motherland and socialism, have good ideological and moral qualities, have distinguished themselves in practical work and study, and have served socialist modernization actively."

Amid the ideological bombardment, many students seem to be floundering in search of banners of certainty, black, gold or red. The newspapers trumpet accounts of students who selflessly disappear into remote rural areas in a blaze of socialist fervor. But for many students who will spend the summer in fields and factories, the exercise is seen as punishment for expressing their views on the streets last winter.

"Will they tell us that this sort of work is good," asked a woman student in Beijing, "that this teaches us life experience? I don't think so. All I know is that all the old leaders will die. Then maybe we will have a turn."

## Chirac and His Allies on the Right Squabble as Their Fortunes Ebb

## A Shrewd Mitterrand Rises Above the Fray

By RICHARD BERNSTEIN

**A**S the plotting and scheming about next year's presidential election begins, France seems to be edging back toward the system of shifting coalitions that many here thought had been eliminated when Charles de Gaulle created the near-monarchical presidency of the Fifth Republic in 1958.

The great surprise has been the growing popularity of President François Mitterrand. Since his Socialist Party lost the 1986 legislative elections, he has had to share power in "cohabitation" with the rightist Prime Minister, Jacques Chirac. It was expected to be an awkward arrangement, but Mr. Mitterrand has coolly and skillfully presented himself as an above-the-fray "father of the nation," leaving to Mr. Chirac the difficult tasks of running the country.

From a low point last year, when opinion surveys showed him to be the most unpopular recent French president, Mr. Mitterrand has rebounded to become France's most favorably rated politician, with a 55 percent approval rating. He has, said the commentator, Alain Duhamel, transformed "the pumpkin of a cohabitationist president into the carriage of a chief of state."

But Mr. Mitterrand's popularity has waned before, and could wane again, particularly if the approach of the presidential election forces him to abandon his pedestal and behave like a conventional presidential candidate next year. Indeed, that may be one reason the president has refused to say what he will do, letting his plans remain the season's great political mystery. The betting



Supporter holding a portrait of François Mitterrand during the President's recent visit to Normandy.

here is that he would like a second seven-year term but will run only if victory seems virtually certain.

Mr. Mitterrand's resurgence is a reflection of the opposition's weakness and a major reason for the reappearance of fissures in the complex political alignment

on the right. Mr. Chirac, with his approval rating hovering just above 40 percent, has not fared as well as Mr. Mitterrand. Mr. Chirac has lost ground over such issues as student demonstrations, police brutality, a long railroad strike, and his controversial proposals to change university policy and citizenship requirements. Now many conservatives suspect that Mr. Chirac may not be the candidate to defeat Mr. Mitterrand next year. As a result, the right has suffered a near-collapse or cave-in that the magazine *Le Point* called an "implosion."

François Léotard, Mr. Chirac's Minister of Culture, recently provoked a political storm when he announced that he would not support Mr. Chirac next year in the first round of presidential voting. Mr. Léotard, who is 45 years old, is the head of the Republican Party, a junior partner in Government with Mr. Chirac's Rally for the Republic. Former President Valéry Giscard d'Estaing, who used to head the Republicans, is no longer seen as a contender. But Mr. Léotard is young, handsome, articulate and ambitious, qualities which could make him a future presidential candidate himself.

## Challenge from the Right

"Havoc, as the Ghost of Colombey said, is reinstalling itself in the furniture," said Claude Imbert, a *Le Point* analyst, referring to General de Gaulle, who died in retirement in his country home at Colombey les Deux Eglises in 1970. "The Government of the right is falling apart."

Also affecting Mr. Chirac's political standing is the division within his own neo-Gaullist party in deciding how to combat the challenge posed by Jean-Marie Le Pen, whose far-right, anti-immigrant party, the National

Front, threatens to take away some of its votes. Moreover, there is another phenomenon of political resurrection deeply threatening to Mr. Chirac's presidential chances. Raymond Barre, a professional economist who was unpopular when he was prime minister, has leaped ahead of Mr. Chirac in most polls. If the election were held tomorrow, Mr. Barre, not Mr. Chirac, would be the most likely presidential candidate of the right.

Mr. Barre, who cultivates the appearance of tranquility and imperturbability, refused 16 months ago to have anything to do with the divided Government, apparently calculating that he was better off remaining aloof from day-to-day affairs and thus warding off the public's tendency to tire of visible and active leaders. The calculation seems to have served him well.

Some analysts view the early proliferation of rivalries, especially on the right, as a consequence of cohabitation itself. In the beginning, the big question about the arrangement was: Could a president and prime minister of different parties coexist? The answer, so far, is yes. But few foresaw that the arrangement would encourage new conflicts in the rightist majority in Parliament.

This occurred because Mr. Chirac can no longer feel secure as Prime Minister, merely because the President prefers him to other members of the parliamentary majority. He must also hold together the members of his coalition in Parliament, including ambitious figures like Mr. Léotard, who have an interest in exacting concessions for their support. The situation is similar to the one under the unstable Fourth Republic, which de Gaulle brought to an end.

Since the conservatives will still control the Parliament after next year's election, if they win the presidency, cohabitation will end. But if Mr. Mitterrand is re-elected, cohabitation, with all of its potential for endless conflict, could become an entrenched part of the political scene, at least until the parliamentary elections that must be held by 1991.

## 'Israel Is Too Important to Be Left to Israelis'

## American Jews Are Voicing Their Disquiet

By THOMAS L. FRIEDMAN

**I**N the months since the revelations about Israeli espionage in Washington, Israel's role in the Iran arms affair, and numerous embarrassing squabbles in the Israeli Government, officials here have been closely monitoring American opinion polls to see if these episodes have affected Israel's standing.

According to several American polling experts now visiting Israel, the findings have been rather surprising: Israel's standing with the American public remains high, largely untouched by the recent scandals. But at the same time, its standing with American Jewish leaders has, to some extent, been negatively affected.

"What frightened American Jews most about the Pollard affair was what it said about Israel's judgment," said Steven Spiegel of the University of California at Los Angeles, an expert on American Jewish attitudes about the Middle East. "It is not that American Jewish leaders came away saying, 'By golly, we should back away from Israel.' They said, 'By golly, what is wrong with the Israelis? They have a scandal a week.'"

The conclusion of many American Jewish leaders,

Professor Spiegel said, was that they should become more actively involved with Israeli policymaking and speak out, critically when necessary, on the assumption that "Israel is too important to be left to Israelis."

The mood was clearly echoed during recent meetings of the Jewish Agency Assembly, an umbrella organization that links international Jewish fund-raising and immigration-promoting groups with Israeli institutions. Among the organizations is the American United Jewish Appeal, which last year sent \$350 million to Israel. Many of the American delegates to the meetings called for greater accountability by Israel on how donated money is spent, particularly to insure that it goes to projects that reflect American values of religious tolerance, democratic education and pluralism.

Moreover, a delegation led by the national chairman of the United Jewish Appeal, Martin Stein, delivered an unusually vigorous warning to Prime Minister Yitzhak Shamir. They told him that if Mr. Shamir and the Parliament accept ultrarightist party demands to change the official definition of who is a Jew, a step that could effectively delegitimize the Reform and Conservative branches of Judaism, the change would have a major negative impact on American Jewish donations to Israel. The issue is one that produces a visceral response among

American Jews, Mr. Stein reportedly told Mr. Shamir.

American Jews may indeed be getting freer with their advice, an Israeli official said, "but I doubt that this will have much impact here. The power is with those who are here and American Jews just are not here. You cannot come over three times a year and expect to have your advice taken seriously." According to Professor Spiegel, American Jewish leaders are increasingly willing to talk tough to their Israeli counterparts, partly because they feel that Americans have become so sympathetic to Israel that the old hesitancy about washing dirty linen in public has slightly diminished.

## 'Motherhood' Values

For example, in a Washington Post-ABC News Poll last year, after Israeli spying in Washington had been revealed, 54 percent of Americans rated Israel as "a reliable ally." The approval virtually matched an identical poll just before the Israeli invasion of Lebanon in 1982. And in a Roper poll this year, only 3 percent blamed Israel for the Iran-Contra affair.

"Support for Israel has been strong, steady and durable," said Gary Orren, an expert on opinion surveys at Harvard University. "Even when it goes down, it always seems to bounce back." He offered several rea-

sons. First, Americans identify more closely with Israelis than with most other foreigners. "Whenever you ask in polls, 'Why do you like Israel?' the answer that always comes up is: 'They are like us,'" Mr. Orren said.

Second, Israel is perceived as reflecting certain desirable "apple pie and motherhood" values. Americans, he said, are apt to regard Israel as "principled," an "ally in the face of Soviets," and most of all, "strong" and "successful." Americans, especially the young, identify with strength and winners, Mr. Orren said, and Israel's American support is highest among young people.

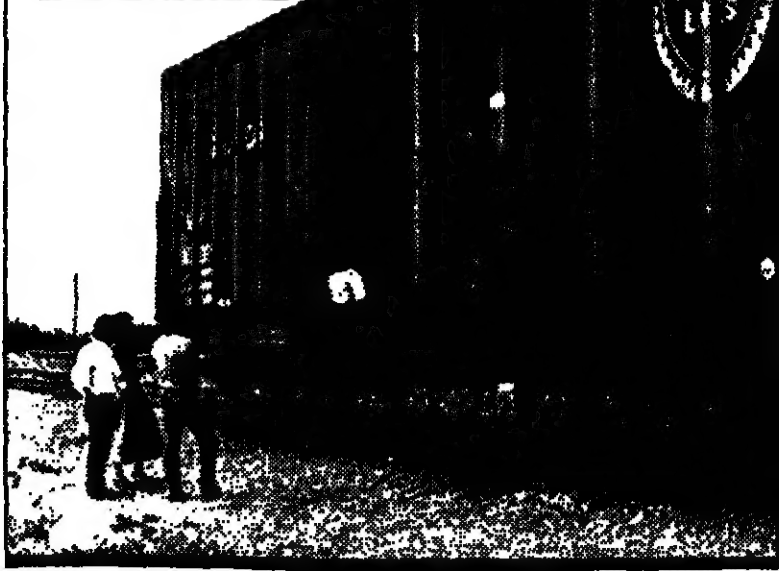
While Israel has recently behaved in ways that might have seemed inconsistent with some of the motherhood values, it has been insulated by the general ignorance of foreign news in the United States. A recent New York Times/CBS Poll found that only 18 percent knew that Jonathan Jay Pollard, a United States Navy intelligence analyst, had spied for Israel.

Israel has also benefited enormously because its behavior has been overshadowed by such Arab-related anti-American incidents as the hijacking of the Italian cruise ship *Achille Lauro* in the Mediterranean and Libyan- and Syrian-sponsored terrorism, Mr. Orren said.

Finally, and perhaps most importantly, President Reagan has set a positive tone about Israel and has been tolerant of its excesses, probably more so than any previous President. Because of the influence of the President on the news and the issues that are debated, his attitudes have enjoyed a wide echo in American public opinion, an effect that could change with a new Administration.



# The Nation



## Aliens Take a Death Train

In a bungled smuggling effort, 18 of 19 illegal aliens from Mexico died in 120-degree heat last week, trapped in a locked steel-walled boxcar. They had

boarded an eastbound freight at El Paso; the boxcar was opened the next day at Sierra Blanca, Tex., because an aluminum identification tag was missing.

## Some Old Echoes In New Questions About Meese

Questions about the legality and propriety of the connections between Attorney General Edwin Meese 3d and the Wedtech Corporation became more pointed last week with the release of a document suggesting that Mr. Meese has misrepresented his personal financial holdings.

The document, a disclosure of personal investments filed by Mr. Meese with the Justice Department in 1985, omitted a \$60,000 investment he made with a financial consultant who also advised Wedtech, the scandal-ridden South Bronx military contractor.

A day earlier, the Office of Government Ethics said that Mr. Meese had not met the "specific requirements" of the Ethics in Government Act for blind trust arrangements in his financial partnership with the consultant, W. Franklin Chinn.

Among other things, James C.

McKay, the special prosecutor investigating Wedtech's relations with Washington, is looking into whether the Attorney General gained financially in return for helping Wedtech win an important contract in 1982.

But the Wedtech affair is far from the first in which the interplay between Mr. Meese's personal, financial and official relationships has come under scrutiny, as the following chronology suggests.

• 1983. Mr. Meese, then White House counselor, files financial disclosure forms showing that he received two payment-on-demand loans of no less than \$15,000 and no more than \$50,000 from John R. McKean, during the time the tax accountant was appointed to the Postal Service Board of Governors.

Meanwhile, an Army inspector general found that while Mr. Meese's promotion to colonel in the Army Reserve violated certain procedures, there was no evidence he used "undue influence."

• 1984. Mr. Meese tells a Senate committee considering his nomination to be Attorney General that he had "inadvertently failed" to list on

a financial disclosure form a \$15,000 interest-free loan to his wife from a longtime friend and associate, Edwin W. Thomas, who became his White House assistant. Mr. Thomas's wife and son also got Federal jobs.

The report of the loan prompted the appointment of Jacob A. Stein as special prosecutor.

Mr. Stein investigated 11 allegations. Several involved Mr. Meese's financial dealings with people who received Federal jobs, including Mr. McKean; there were also assertions that Mr. Meese had obtained special treatment from Government agencies for businesses in which he had an interest, and allegations involving inadequate financial disclosure statements of reimbursements for travel expenses.

Mr. Stein said he found no basis under Federal law for prosecuting Mr. Meese. He noted that as a matter of jurisdiction he did not address the question of whether Mr. Meese's conduct had been ethical.

• 1985. David H. Martin, head of the Office of Government Ethics, said that while Mr. Meese had not violated any ethics codes in the McKean matter, he had created the appearance of impropriety.

## Kansas Falls Off the Wagon

"It's a great day," many Kansans said over and over Wednesday. For the first time in 107 years the sale of liquor by the glass in public watering holes was not, in many places in the state, a violation of law.

The change in 36 counties of a state that had gone dry nearly 40 years before Prohibition came because of a constitutional amendment passed in November's elections.

Proponents argued repeal was es-



Carrie Nation in full war rig.

sential to development of hotels, tourism and other modern business in Kansas. Opponents are taking heart in the decision of 69 rural counties to retain the rule that people who want to buy liquor by the drink must belong to a private club. Such a rule now applies statewide only in Utah and West Virginia.

"Promoters of our most abused drug are masters of deceit," the Rev. Richard Taylor, leader of the Kansans for Life at Its Best, the central arm of the dry forces, declared recently. His sentiment would have met with approval from Carrie Nation, the fierce temperance leader, who at the turn of the century attacked illegal bars in Wichita and Topeka — legend has it, with an ax.

Caroline Rand Herron and Martha A. Miles

## Congress to Explore an Auditor's Responsibility

# Critics Fault Accountants For Not Blowing Whistles

By ERIC N. BERG

WHEN the Penn Square Bank of Oklahoma City failed in 1982, threatening a national banking panic, it could scarcely console investors with a report from a certified public accountant giving it a clean bill of health.

On Friday, leaders of the accounting profession, including officials of the American Institute of Certified Public Accountants, are expected to appear before a House subcommittee and attempt to answer the troubling question of why so many companies announce big losses — or, worse, go bankrupt — shortly after a successful audit. The list of such companies includes some of the most spectacular business failures in recent years: not only Penn Square Bank but also Continental Illinois National Bank, whose losses on bad loans forced a \$4.5 billion Federal bailout in 1984; E.S.M. Government Securities of Florida, whose failure in 1985 led to a run on Ohio's savings industry, and the Wedtech Corporation, the military contractor that is now at the center of a broad corruption inquiry.

"We believe that, for accountants, looking for fraud should be as important as counting the inventory," said Jack Chesson, counsel to the House Energy and Commerce Committee's Subcommittee on Oversight and Investigations. "We believe that the public, which pays for audits, has the right to more than a guy with blinders, looking just at whether the numbers add up."

The inability of some accountants to detect impending failures has prompted a growing number of lawsuits. As jury awards have risen, the accountants' liability-insurance premiums have soared, in some cases tripling in the last three years. As a result, some smaller C.P.A. firms have threatened to stop auditing companies.

If a solution to the liability problem is not found soon, some accountants fear that there will not be enough auditors to do the kind of investigations necessary to issue an opinion on a public company. If that happens, the financial information that investors depend on could be much less reliable.

## Deciding Who Can Sue

One of the most basic issues to be explored by the subcommittee is this: To whom is an auditor accountable? Although the accounting profession itself maintains that auditors are responsible to only the shareholders who hired them, lawsuits have been won against accountants by suppliers of an audited company, by bankers and by Federal regulators. On Thursday, however, a Federal jury cleared Continental's former accounting firm of charges that it had been negligent in not warning the bank of the bad loans. The Federal Deposit Insurance Corporation had sought nearly \$200 million in damages from the firm, Ernst & Whinney, which argued successfully that Continental had withheld important information from a 1981 audit.

A recent court decision involving the accounting firm of Mann Judd Landau established that a bank cannot collect damages caused by loan losses from an accountant who undertakes a cursory review of a company's financial statements rather than a more thorough audit. Still, the question of who can sue an accountant in the case of audit failure remains open.

Nor is it clear how much responsibility an auditor should have to detect and report management fraud. Under current rules, auditors are required to plan their

examinations so that they would detect fraud if they came across it. This is a far cry, however, from forcing accountants to actively search for fraud. Critics think auditors should be whistle-blowers, notifying the authorities if they uncover wrongdoing. Under present rules, set by the profession, an accountant discovering improprieties or inaccurate financial reporting is required to notify only a company's directors.

But many accountants argue that the public often expects too much. Since it is impractical for auditors to check a company's every transaction, and since the auditor must ultimately rely on the basic integrity of management, it is impossible for auditors to catch every case of cheating, these accountants say.

"So long as there are dishonest people in this world, there are going to be audit failures," said Glen Perry, a partner at Peat Marwick Main & Company and a former accountant at the S.E.C. "Many people think that accountants look at every piece of data in an organization, so that if anything is missing or fraudulent, they pick it up. That's just not true."

Accountants concede, however, that pressures are building to improve audit quality. Recently, the A.I.C.P.A. proposed mandatory continuing education for accountants and an overhaul of both audit procedures and the basic report that auditors issue to shareholders. Among other things, auditors would be required to actively look for fraud and to give their opinion on whether the company they are auditing is likely to exist in a year. The Securities and Exchange Commission, meanwhile, has proposed that C.P.A. firms be required to subject themselves to an annual review and evaluation of their operations by a peer.

Some accountants, however, say that any solution to the profession's problems must start by reexamining the jury awards system. "This liability situation is outrageous," said Mr. Perry of Peat Marwick. "When a company fails, the accountants are the only ones with money left. They get blamed and sued whether they have done anything wrong or not."



STUART LINDENBERG

## Verbatim: Parents at Work

'Men are changing in what they want to be a part of in their lives. It ought to be a macho idea: Real men support child care and parental leave. Put it on a bumper sticker. Real men care about their kids.'

Senator Christopher J. Dodd

Democrat of Connecticut, advocating unpaid leaves for parents of newborn or seriously ill children.

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## Days of Democracy

The need for dissonance — the marching music of democracy — was affirmed the other day in Moscow by, of all people, Andrei Gromyko, the Soviet President. Speaking to the Supreme Soviet, the former diplomat long known as "Old Stone Face" pleaded for dissent. He complained that debates "were over-organized and in many ways a formality" and had to change. "The times, the large-scale renewal drive and the democratization of society, demand a precisely functioning mechanism of bringing out public opinion."

Now listen to a worker in Seoul, South Korea, a 28-year-old mechanic named Suh: "In the 1960's, bread was the most important thing. In the 70's, Koreans focused on making more money. But in the 80's, those basic issues have been solved and we need more freedom."

Now listen to Dr. Fang Lizhi, an astrophysicist fired from a university post after Chinese students demonstrated in support of his plea for more freedoms: "I consider what we call democracy does not belong to the West. In culture, there are many things that belong to all of us. For example, in physics we cannot say that there is Chinese physics and Western physics. They are the same... I think democracy is one of those concepts. If there is no democratization, there can be no modernization."

Dr. Fang is right. Democracy belongs to the world, not to the West. Americans espouse the cause of freedom, but hold no patent on it. Still, it's wonderfully gratifying to hear familiar generalities about liberty intoned as if they were revelations by a Chinese dissenter, a Korean mechanic and a humorless old Stalinist. The wheel is being reinvented all over the world, in societies as different as Marx and Confucius, in countries as poor as Haiti and as flourishing as South Korea.

## Sinking Too Much in the Navy

Matching naval forces to missions is no easy task, as the problems in the Persian Gulf make clear. This year, the Navy is spending \$95 billion, a third of the Defense budget, toward its goal of a 600-ship fleet, but it has run into an embarrassing obstacle: Money.

The Navy had counted on 3 percent real growth, but the Pentagon's overall budget will clearly be less, leaving unwelcome alternatives. Either the Navy will grow at the expense of the other services, or it will end up buying a hollow fleet, which it cannot afford to keep properly maintained and manned.

One answer to this dilemma is suggested in a recent Brookings Institution study by William Kaufmann, a respected defense analyst. He redefines the Navy's missions and concludes that a smaller Navy would suffice and would require no real growth in spending. It's a wholly sensible prescription entitled to respectful attention by Congress.

The Navy's peacetime mission is to show the flag and deter adventurism by countries like Libya or Iran. In war, it has three roles. One is to escort convoys to Europe and a second is to guard the passages between Greenland, Iceland and the United Kingdom through which Soviet submarines must pass to attack convoys. For these tasks the Navy needs frigates, attack submarines, land-based patrol aircraft and an underwater network of microphones to monitor Soviet submarines. The third role is to attack Soviet bases from which planes and submarines might threaten convoys, and to head off Soviet advances on Norway or Iceland.

Mr. Kaufmann believes these roles require only

None of this means that the Day of Democracy is at hand. Far from it. What can be credibly maintained is that the momentum is with the values of freedom, and against all forms of tyranny. Highly centralized systems don't work. Dogmatic ideologies have trouble growing wheat and filling bellies. Bureaucracies cannot outguess free markets. Jailed scientists can scarcely be enthusiastic researchers. Wide use of computers is incompatible with obsessive security. A state that fails to respect the rights of citizens earns no respect.

It has become apparent to the ruled that dictators who tremble at poets have reason to fear for their own power. And dictators have learned that nobody believes a censored press, and that a lawful opposition offers the best mirror for emperors to judge their clothes, or lack thereof.

Of course the language of democracy sounds different when Mikhail Gorbachev talks about "restructuring." He told an interviewer recently: "There is but one aim — to strengthen even more consistently the power of the working people, to grant them full freedom of creativity and to expand the entire system of guarantees of the political and civil rights and freedoms of the Soviet people." Yet the implication is clear: that those freedoms are not now enjoyed by Soviet citizens, words almost as devastating as a plea for non-conformity from Andrei Gromyko.

Four years ago, writing with then-fashionable despair, a prominent French intellectual solemnly argued that democracy "may, after all, turn out to have been a historical accident, a brief parenthesis that is closing before our eyes." At the least, the gloom of a Jean-François Revel seems premature, but even flat notes help compose the very music whose appeal is so plainly universal.

12 carrier battle groups and transport for three marine assault forces. He terms this an "efficient" navy, compared with the 15-carrier battle groups the Navy aspires to.

The Navy says it needs 15 carriers because it plans to attack the Soviet fleet directly, then destroy its bases. Mr. Kaufmann contends this rationale is contrived to justify 15 aircraft carriers, which has been the Navy's minimum goal for decades. In any case, there are high risks in taking the fleet within range of Soviet bases, heavily protected by land-based planes, submarines and missiles.

A smaller navy centered on protecting the sea lanes would guarantee a greater tonnage of supplies to Europe and the Persian Gulf, Mr. Kaufmann estimates, than a 15-carrier navy designed for direct attack on the Soviet fleet. For peacekeeping, the "efficient" force would also be ample, though instead of stationing carriers abroad the Navy would send them to crisis spots only as needed.

The Navy counters that it lacks the ships to cope with the Soviet fleet once dispersed, so it would have to fight the battle for the Atlantic in the Norwegian Sea. And the 15-carrier fleet would still be affordable because the competition now fostered among ship-builders has reduced costs.

But this aggressive strategy carries high risk and forfeits the geographic advantage of the allied territory. Ship-building costs, meanwhile, show signs of slipping by the constraints the Navy has hoped for. Mr. Kaufmann's numbers can be debated, but his method of matching means to credible goals seems a better guide to the Navy's force structure than the mere numerology of a round number like 600.

## The Editorial Notebook

### Me I Am!

I am the only ME I AM who qualifies as me; no ME I AM has been before, and none will ever be.

Wander into the storefront at 215 E. 106th St. in Manhattan and you'll hear the exhilarating chant, coming from the 3-year-olds among the 60 girls and boys attending a day care nursery school run by the East Harlem Block School.

The 3-year-olds are standing in a semi-circle before Anna Rivera, their teacher. They are belting out the words of an anonymous poet, enjoying themselves mightily while absorbing an early lesson in self-esteem. The room is clean, well-ventilated, with a variety of colors and textures. Children's drawings adorn the walls.

The kids are mostly Hispanic and black, dropped off at 8 in the morning so their parents can work or attend school. The children don't yet know they're "minority," or that their families are poor, or what "single parent" is all about.

No other ME I AM can feel the feelings I've within; no other ME I AM can fit precisely in my skin.

Some children are at low tables drawing or building houses; others in yellow and blue plastic aprons play with water in measuring cups, strainers and funnels. In such play, toddlers become comfortable with themselves and their peers, stimulated by a range of people and experiences not available at home. They go on field trips where they are introduced to trees, flowers and the occasional squirrel.

The kids are high-spirited and get into disagreements. A girl wouldn't let a boy near her playhouse. He hit her. Anna Rivera went quietly over and said to the boy, "We don't hit anyone here." She told the girl it would be nice if she would share her playhouse.

### How Pre-School Kids Generate Electricity And Self-Esteem

There is no other ME I AM who thinks the thoughts I do; the world contains one ME I AM, there is no room for two.

Most of the teachers came to the Block School as parents. Parents play a major role in the school: serving on the board; screening prospective staff; acting as volunteers; helping to raise funds.

Anna Rivera enrolled her first son in 1967, two years after it opened as a Headstart program. She was a young mother without a high school diploma. The school helped Anna as well as her two other children. Eventually she earned her diploma, a bachelor's degree from Goddard College, and she is six credits shy of a master's in early childhood education from City College.

I am the only ME I AM this earth shall ever see; that ME I AM I always am is no one else but ME!

One can't help thinking that it's too bad that all children, rich and poor, don't benefit from a preschool experience of this quality. Studies show that a modest investment in the early years produces healthier children with fewer learning disabilities and less need for special education and other remediation. The investment here is surely modest.

It costs about \$5,700 a year — some of which is paid by parents according to their means — to keep a child in group day care programs administered by the city's Agency for Child Development. The Federal Government pays for half the \$200 million cost; the state contributes about \$25 million and the city \$78 million.

Less than half the eligible children are enrolled in some such program. To think of how much a little more could buy — and save — is to welcome the future.

HERBERT STURZ

## Letters

## In Presidential Primaries, One Vote Isn't Enough

To the Editor:

With the Presidential nomination season already well under way, considerable attention will be paid to the process by which the candidates are selected. Tension has existed over the years between the desire of party professionals to control nominations and the pressure to democratize selection, encouraging rank and file voters to express preferences. The reform movement of the late 1960's and early 70's brought a reduction of state caucuses and conventions and a corresponding swing to the adoption of primaries. It is fair to say that primaries remain determinative of a candidate's success.

Critics have faulted statewide primaries for not adequately reflecting the popular will — the very reason for their use. They say primaries force a choice upon the voters. From an often crowded field, we are allowed to support only one contender. In cases where several candidates may espouse similar views and attract the same followers, the voters must divide their support among them, making it possible for a less popular candidate to win.

Too often, the best strategy for a candidate in the primaries is to pose as the outsider, the one who stands apart from the rest. This may be done by taking a political stance at the fringe, which worked well for Barry Goldwater in 1964 and George McGovern in 1972. It may be done geographically, by being physically removed from the Washington scene, as

in the case of Jimmy Carter in 1976, and it might work for a state governor again this season. Finally, a candidate may be separated from the field by single-issue appeal, by race, or by sex.

The strategy of separation results in a paradox: that the winner at the convention may be a minority candidate in his or her own party and thus incapable of combining the necessary forces for victory in November.

The staggered timing of primaries renders some of them meaningless and others symbolically far more important than logic warrants. This is especially likely with early primaries, in which voters are burdened not only by large fields from which to choose, but also from a relative lack of accurate information on which to base a sound choice.

It appears that underlying these problems the wrong question is asked of the voters. They are asked to select only one candidate in the contest. They are not afforded the opportunity to identify any others as acceptable if their first choice fails, or if they are genuinely undecided.

Prof. John Kellett and I proposed a remedy in 1977, since endorsed by a number of scholars, known as approval voting. Basically, the idea is to expand the range of voter preferences by permitting voters to cast as many votes as there are candidates on the ballot. Naturally, they would remain free to cast only one if they felt strongly committed. But they could cast another, or several, if they

had mixed feelings, or conceivably a vote for every candidate as an ultimate act of fence straddling. In no case could more than one vote be cast for a single candidate.

The advantages seem evident: The system is simple, requiring little cost or voter re-education.

Contenders would be motivated to campaign in a positive fashion, striving to expand their base of support, rather than running down their opponents. The entire tone of the race might be elevated.

Extremist positions and other separatist tactics would be discouraged, permitting successful nominees to continue their basic strategy into the autumn campaign.

A more accurate reading of voter sentiment would emerge, particularly in the early voting, and it is likely that more contenders would survive and continue into the middle and late primaries.

Finally, the process would register not only depth of support but breadth as well. That dimension is critical to a November victory.

There are, of course, many ways to alter the system, and we recognize that approval voting is but one. It is an adjustment, not an overhaul. The risk is slight but the potential benefit is great.

KENNETH F. MOTT  
Gettysburg, Pa., June 18, 1987  
The writer is associate professor of political science at Gettysburg College.

## Winner Take All

To the Editor:

Periodically, you publish letters and Op-Ed articles deploring any polity that allows the winner of an electoral plurality to claim a governmental majority as atrociously unjust and pernicious. Prof. Douglas J. Amy joins the chorus (letter, June 25) by complaining of Margaret Thatcher's recent ability to do this under the British system of representative government. He would prefer a coalition of all those who received a majority of the popular vote.

Perhaps, though, British — and our own — institutions embody a certain kind of political savvy cognizant that (1) coalitions have a nasty tendency to decoalesce; (2) they often provide inordinate political clout to small groups; and (3) the inability of a potential majority while in opposition to form a united opposition commonly bespeaks vanity, intransigence, political imbecility or some combination of these.

Professor Amy's principle would have elected a coalition of Stephen Douglas, John Breckinridge and John Bell (60.2 percent of the popular vote in the 1860 election) (in the exclusion of Abraham Lincoln, 39.8 percent). Enamored of numbers, today's political scientists count heads; we used to reflect upon what occurs inside them.

G. ROGER McDONALD  
New York, June 27, 1987  
The writer is a lecturer in government at the John Jay College of Criminal Justice.

## Fred Astaire on the Stairway to Paradise

To the Editor:

In response to your graceful tribute to Fred Astaire (editorial, June 23), I thought some readers might like to know that the Astaire-Gershwin dialogue — "How's that, George?" "That's fine, Freddie!" — is on a Monmouth-Evergreen recording of "Lady, Be Good!" "The Half of It, Dearie, Blues," which you refer to, and other songs from the show are performed by Fred and Adele Astaire with Gershwin at the piano for several numbers. The recording was made during the London run of "Lady, Be Good!" in 1928.

"Lady, Be Good!" opened in New York in December 1924, a breakthrough year for the Astaires and George and Ira Gershwin — it was George and Ira's first complete Broadway score, and the Astaires became trans-Atlantic stars.

The flip side of the record includes Fred Astaire singing "My Girl," an exuberant example of his formidable songwriting talents. Perhaps his best-known song is "I'm Building Up to an Awful Letdown," which he wrote with Johnny Mercer.

"Funny Face," the Astaires' 1927 hit with the Gershwins, recorded during its London run in 1928, is also available on the Monmouth-Ever-



Sara Schwartz

green label and includes a number of Gershwin piano solos. Both records are treasures and the sound quality of "Lady, Be Good!" is remarkable.

If there is "A Stairway to Paradise," I'd like to think Fred Astaire is dancing up to an Art Deco ballroom, where George Gershwin, Vincent Youmans, Jerome Kern, Cole Porter, Arthur Schwartz, Harold Arlen and friends are waiting at their baby grands.

BERTHE SCHUCHAT  
New York, June 26, 1987

## Army LSD Ruling Turns Bicentennial Into Farce

To the Editor:

The Supreme Court's 5-4 decision to bar suits by military personnel against their superior officers or the Government in the case of former Sgt. James B. Stanley, who said that "the experienced hallucinations, loss of memory and violent behavior that wrecked his marriage" as an unwitting subject in a 1958 experiment in which hundreds of soldiers "were given the mind-altering drug LSD to see how they would react" (front page, June 26), is an outrage. The ruling deprives those in the services of means to enforce their constitutional rights and puts their superiors above the law.

No triumph for "justice according to law," as Solicitor General Charles Fried maintains, this decision is a victory for defenders of arbitrary government power, also known as tyranny. It merits comparison to the infamous Dred Scott decision of 1857, which confirmed the substantive property rights of slaveholders, and turns bicentennial celebrations of our Constitution into a farce.

DAVID JOHNSTON  
Asst. Professor of Political Science  
Columbia University  
New York, June 27, 1987

## Making Punishment Fit Crime in Drug Cases

To the Editor:

Judge Pierre N. Leval of Federal District Court for the Southern District of New York has sentenced five leaders of an international drug ring to long prison terms and, in what he called an unprecedented action, ordered four of them to contribute to a fund for treatment of drug addicts (news story, June 23). The fines total \$2.5 million.

It is expected that the fund will grow with the sentencing of additional defendants in this "pizza connection" case. United States Attorney Rudolph W. Giuliani has asked the court to retrieve from the defendants \$60 million they removed from this country and to earmark it for treatment of the substance abusers who were victims of the defendants' profiteering.

In a novel approach and application to the 1982 Federal Crime Victims Law, Judge Leval has reasoned that the drug addicts of the 1980's are the victims of the defendants' crimes and have suffered bodily injuries requiring medical and psychiatric care and therapy. His position is clearly that under the crime victims law, restitution is appropriate for the victims

of crimes that cause bodily injury.

The victims are readily identifiable by name, address, age and race. They are the men, women and children who occupy to capacity our country's treatment centers. At this writing, Daytop Village is operating at 110 percent capacity, with some 800 adolescents and adults, male and female in residential facilities and 1,300 more on the streets awaiting admission.

In a related draft decision to be rendered and filed July 6 in the Supreme Court of the State of New York by Justice William D. Friedman, the defendant has been ordered to "fund and/or sponsor, up to the sum of \$25,000, persons selected for either inpatient or outpatient treatment for drug abuse." Judge Friedman has also provided that the defendant must fund up to \$10,000 direct services by Daytop, which would enable Daytop to accelerate its services to those suffering the effects of drug abuse.

The decisions by Judges Leval and Friedman are enlightened, yet long overdue. It is hoped they will be the first in a long line of similar decisions. (Msgr.) WILLIAM B. O'BRIEN  
President, Daytop Village  
New York, June 25, 1987

## Gorbachev Is but the Instrument, Not the Cause, of Soviet Change

To the Editor:

Marshall I. Goldman's prediction of failure for Mikhail S. Gorbachev's proposed reforms ("Even the Czar Faced Anchor-Drifters," Op-Ed, June 26) is a particularly nasty piece of disinformation.

Whether the Soviet leader succeeds or not, he has already secured a place in history as the first authoritative leader of that great geopolitical land mass to advocate trust of its peoples.

The point that Mr. Gorbachev's opponents, both foreign and domestic, appear to miss is that he has one incontrovertible dynamic going for him — suspense! While we know much about the Soviet peoples, including their courage and their culture, what we do not know is how their mettle will respond to any serious measure of self-governance. There is simply no reliable record by which to assay the future.

The Times welcomes letters from readers. Letters for publication must include the writer's name, address and telephone number. Because of the large volume of mail received, we regret that we are unable to acknowledge or to return unpublished letters.

Professor Goldman, using the television advertiser's trick of purporting to reveal all of the high points of a drama at the beginning, so that the viewer, robbed of the expectation of surprise, will not resent the commercials, is attempting to set us up for his own commercial.

It seems to me that the homily Professor Goldman is preaching, with great subtlety to be sure, is that the United States had better not get too chummy with Mr. Gorbachev, lest any agreements reached with his government become subject to later cavil or

outright repudiation by his successors.

There is probably no shortage of individuals, like Professor Goldman, who have a vested interest in the perpetuation of the cold war. The rest of us, however, would be better advised to sort out more carefully our own interests and those of the United States, especially if it seems likely to turn out, as well it might, that openness and restructuring in the Soviet Union, with or without Mikhail Gorbachev, are ideas whose time has finally come.

HARVARD HOLLENBERG  
New York, June 26, 1987

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WASHINGTON  
James RestonKennedy  
And  
Bork

Senator Edward M. Kennedy of Massachusetts is urging the Democratic majority in the Senate to mount a major ideological attack on President Reagan's nomination of Robert H. Bork to the Supreme Court. But if they're wise they won't follow him down this stormy path.

If he replaces Lewis F. Powell on the Court, Judge Bork might well cast the decisive vote against abortion, affirmative action and church-state issues. No doubt Mr. Reagan nominated him precisely for his conservative philosophy on these controversial issues.

Accordingly, as the President had every right to choose a candidate of his own persuasion, Mr. Kennedy has the same ideological right to oppose him, but the Senator has stated his case in such vehement terms that he's scaring the Democrats more than the Republicans.

Mr. Kennedy asserted that "Bork's rigid ideology will tip the scales of justice against the kind of country America is and ought to be."

He said that Judge Bork's firing of Archibald Cox as special prosecutor during the Watergate hearings was enough in itself to disqualify him for the Supreme Court, and he added:

"Robert Bork's America is a land in which women would be forced into back-alley abortions, blacks would sit at segregated lunch counters, rogue police could break down citizens' doors in midnight raids, schoolchildren could not be taught about evolution, writers and artists could be censored at the whim of the Government, and the doors of the Federal courts would be shut on the fingers of millions of citizens."

This sounds to at least some of the candidates for the Democratic Presidential nomination like an invitation

The Senator  
is scaring  
Democrats  
more than  
Republicans.

not merely to reject Judge Bork but like an invitation to make the social issues a central part of the 1988 election campaign, and they don't like it.

After their landslide defeats in the Presidential elections of 1980 and 1984, the Democrats have been trying to avoid the impression that they are merely a party of special interest groups — feminists, blacks, labor unions and other aggrieved minorities. Accordingly, even the liberal Democratic candidates are not interested in another "charge of the light brigade."

In their recent debate with Bill Buckley in Houston, they made clear that they were going to make a campaign issue out of President Reagan's "Star Wars" program, his support for the Nicaraguan contras, his budget and trade policies, his scandals and also what they regard as his indifference to the mounting problems of Mexican political and social unrest. This is the formidable election agenda they have in mind.

Judge Bork's views are clearly controversial, but nobody questions his reputation as a legal scholar or forgets that he was confirmed unanimously to his present seat on the Federal Appeals Court in Washington just five years ago.

Mr. Kennedy, however, having abandoned his own Presidential ambitions, has increasingly emerged as the leading spokesman of the neglected people of the nation: the poor, the homeless, the sick and the aged.

He is clearly troubled by the tendency in his own party to shift to the right under the influence of Ronald Reagan's successful election tactics, and he's arguing that if the candidates try to emulate Mr. Reagan, the voters will prefer honest Republican conservatives to bogus conservatives among the Democrats.

The chances are that his colleagues will follow him part way but not in the extreme language he has used so far. They may even postpone the confirmation process until the autumn in order to concentrate on the Iran-contra hearings with Colonel North, Admiral Poindexter and Secretaries Shultz and Weinberger on the stand.

This will give the anti-Bork factions time to organize their arguments and their demonstrations and perhaps even keep the Court paralyzed with a four-four lineup in the early days of the new term.

The Administration is trying to avoid this and is appealing for a decision on Judge Bork after the last days of Colonel North's testimony and before the Congress rises for the summer recess.

If the Democratic leadership of the Senate refuses to cooperate and follows the Kennedy line, the chances are that it will face public opposition, divert attention from its main campaign issues and lose the fight over Judge Bork in the end.

Senator Kennedy cannot beat Judge Bork on the ideological issue alone. Even his own brother insisted on an ideological appointment to the Court when he chose Arthur Goldberg, a distinguished lawyer and darling of the unions.

By David Rockefeller

Brazil's unilateral decision in February to suspend interest payments on its debt brought about a chain reaction of events, including the decision by Citibank, followed by Chase Manhattan and other United States banks, to increase their loan loss reserves. Bank analysts, shareholders and Government regulators have praised the banks, and many observers seem to feel that at long last banks are taking their heads out of the sand and recognizing the inevitable.

In fact, of course, this transfer of funds — and that is all it is — has not cost the banks a penny. It also does not reduce the obligations of the debtor nations, nor will it diminish the efforts by the banks to recover all the interest and principal represented by their current loans. Thus, from a shorter-term and corporate perspective, the increases in bank reserves have had no real immediate impact on the overall debt situation. Moreover, they were actually followed by a significant increase in bank stock prices.

From a longer-term and international perspective, however, the implications of these moves are far more complex. Indeed, one might question if all the recent drama really was necessary or in the end beneficial to banks or the major debtor nations.

For one thing, though Brazil made a mistake in acting unilaterally, it never has denied its permanent obligation to make interest payments. In fact, the new Brazilian economic plan and willingness to work with the International Monetary Fund may prove a first step toward the resumption of interest payments.

Nevertheless, Brazil's action and the reaction it triggered make it far more difficult to proceed with the more pedestrian course of step-by-step individual negotiations that has worked reasonably well over the last five years.

Most bankers and investors already took a dim view of Latin American debt, and the latest developments may well make less strong commercial banks still more reluctant to lend even the limited additional funds that are essential to sustain Latin American economies. Moreover, regional banks, which are new to international lending, may now find the perfect excuse to cut off all new credits to developing nations.

Such a drying up of commercial credit would mean that the debtor nations could no longer import essential parts and equipment to expand their production and exports — thus seriously impeding their prospects for sustained economic growth. This could

David Rockefeller, former chairman of the board of Chase Manhattan Bank, is chairman of the Americas Society.

## Let's Not Write Off Latin America

reduce further the ability of Latin American nations even to service their existing debt and, in turn, could ultimately expose Western commercial banks to far greater losses than would have been incurred without such dramatic and widely acclaimed additions to their loan-loss reserves.

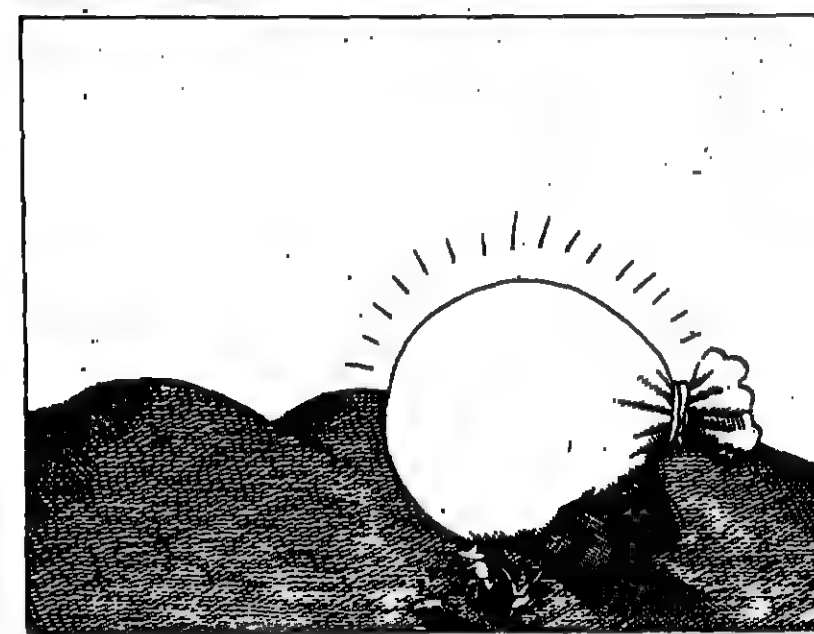
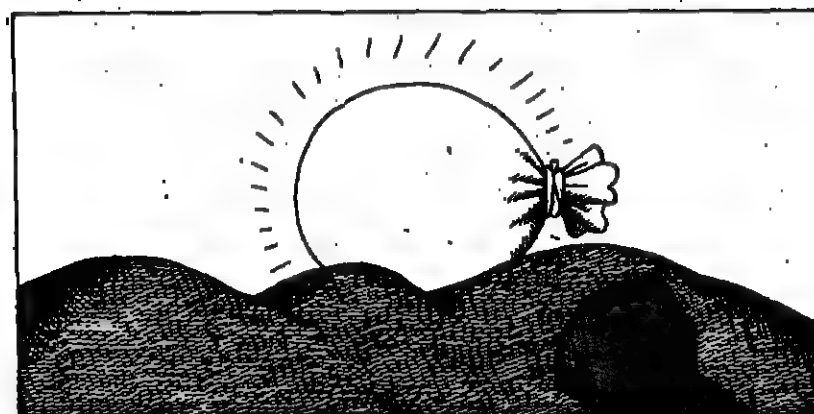
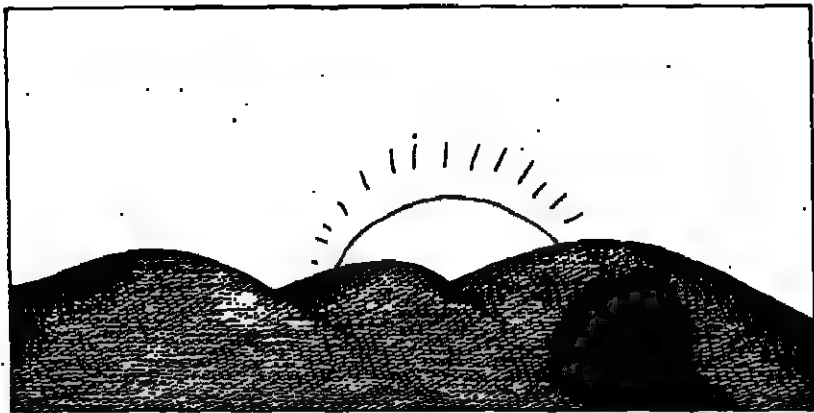
One hopes that a combination of carefully tailored actions by the major commercial banks and international agencies such as the World Bank can avoid such an eventuality.

We must remember that the real question of concern to lenders is the ability of borrowers to service their debt, not whether they can pay it off. Debt is a fundamental component of

creative investment and growth, and rare is the nation or private enterprise that can function effectively without it.

America has more than its share of foreign debt, and we would be hard pressed if asked to pay it all off at once. In addition, of course, our own domestic Government debt is in excess of \$2 trillion and still climbing. Yet America is viewed as a good risk because lenders are confident that the money they lend will be serviced on time.

Furthermore, it is a little recognized fact that the exposure of commercial banks in Latin America has decreased significantly over the last



five years. In 1982, the nine largest American banks had loans outstanding in Latin America that amounted to an average of 172 percent of their capital. While still large, by the end of 1986 this exposure had been reduced to about 109 percent of capital.

Finally, we must remember that the major Latin American economies are quite resilient. Between 1980 and 1984, Brazil moved from a trade deficit of \$2.8 billion to a surplus of more than \$13 billion. Between 1981 and 1985, Mexico moved from a trade deficit of \$4 billion to a surplus of nearly \$14 billion.

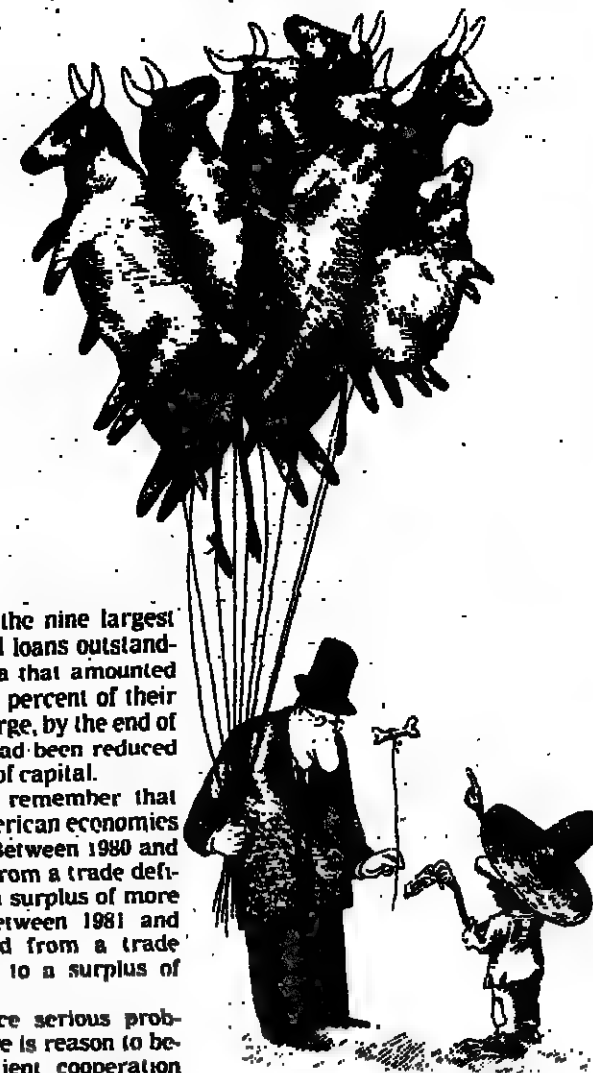
These nations face serious problems again, but there is reason to believe that with patient cooperation among all interested parties these difficulties will not persist forever. Mexico already is recovering impressively. It also is significant that the interest payments of non-oil-exporting Latin American debtors as a percentage of their export earnings actually declined from 47 percent in 1982 to 34 percent in 1986.

But recovery requires sustained economic growth, which cannot be achieved through domestic structural or policy changes alone, as important as these are in Latin America.

Latin American nations must have more working capital as they adjust their economies, and this will require ongoing credit, albeit at a reduced rate. Increased exports from Latin America also will be critical to economic growth in that region, and the major industrial nations must refrain from protectionist policies that keep out those exports. They also, of course, must continue to grow themselves.

In view of recent developments that make likely a decreasing role by commercial banks in extending new credits to Latin America, however, the international agencies, and especially the World Bank, must be far more active and creative in the future than they have been in the past.

In this regard, it is critical that Congress increase our nation's financial and moral support of the World Bank. The Bank must have additional funds if it is to expand substantially



its extension of credit, and our nation must realize that this route is the most efficient and least expensive vehicle we have to protect our own self-interest in maintaining the creditworthiness of Latin America. In addition, it is high time for the export credit agencies to become more active than they have been.

The world's commercial banks would be very unwise to write off Latin America in their future thinking — or, indeed, to cut back too drastically on a moderate extension of additional credit. One way or another, they probably will have to refinance about one-third of the interest coming due if they are to count on receiving the other two-thirds. The achievement of sustained growth in Latin America is very much in the self-interest of all creditors, including the banks.

Recent dramatic steps by Brazil and the banks have made a resumption of the laborious process of country by country negotiations more difficult, but not impossible. Creditors and debtors alike would be well advised to resume the process of "muddling through," which, despite the dire predictions of many, has prevented a serious crisis during the last five years. This is not glamorous. This is not dramatic. It does, however, work.

## Medicine-Bashing Hurts Health Care

By Bryan M. Steinberg

Medicine-bashing has become a popular pastime that, unfortunately, has spilled over into the arena of public policy. Many serious problems confront the medical profession, including the patient-doctor relationship, issues of negligence, policing, cost containment and patient advocacy. But these should not overshadow the continuing investigations into the causes and possible treatments for the major illnesses confronting our society today.

As a medical student, I endure a seemingly endless barrage of medical jokes from my friends who have chosen careers in law, business and a wide range of other professions. In general, the jokes can be shrugged off as good-natured ribbing, but they represent a fundamental lack of understanding about medicine, which is not just a career choice but also the selection of a way of life.

I am aware that patients can be harmed as a result of a doctor's ignorance, and so I have sought to learn as much as possible. It is not uncommon for me and many of my colleagues to study until 3 or 4 A.M. A new sunrise is a particularly unsettling sight after studying all night.

The reason for this seemingly brutal effort may be in part a reaction to fear of failure or a sense of competition, but I think it is more likely a response to an overriding sense of obligation to our future patients.

Nonetheless, it seems rare that doctors are credited with anything other than self-interest, and that attitude is reflected in recent disturbing developments in public policy. Society is engaging in an increasingly adversarial manner with the medical profession.

No longer do people blindly trust their doctor, nor should they. The patient-doctor relationship should not be one of a shepherd guiding an unquestioning flock.

Recently, however, because of a series of highly publicized medical cases, there has been a growing concern about "medical negligence," "malpractice" or, simply, mistakes. The tone of the current debate and the calls for regulation are indicative of what I perceive to be a growing mistrust of medicine. That is of particular concern because the patient-doctor relationship, in whatever form it takes, has to be built on trust.

Doctors may be partly to blame for this loss of trust because they have allowed public expectations of medical

practice to rise above what the doctors could fulfill.

My colleagues and I are beginning to understand how ineffectual medicine actually is. No two people are alike, and a given disorder may have many distinct manifestations in different patients. We are taught that an anatomical structure is considered normal if it is present in only 30 percent of the population.

The reason we study and work so hard to master an imperfect and incomplete science is that the chal-

Legislation  
is not the  
solution.

enges are so great. We are limited by our technology, and while new cures should be constantly sought, they can't be expected immediately.

Andrew Stein, the New York City Council president, recently criticized doctors who have caused injury to patients through what he says is negligence or incompetence. He shows his lack of understanding about medicine when he irresponsibly compares the incidence of inadvertent injuries to battle casual-

ties during the Vietnam War.

Doctors are human beings who occasionally make mistakes while performing increasingly difficult and technical procedures. Yet many people expect that doctors will be able to return patients to normal health, something that may not be reasonable in all circumstances.

Doctors do not set out intentionally to maim and kill their patients. Pity the doctor who commits an unintentional injury — an inherent risk of increasingly complicated medical procedures — and thus contradicts the Hippocratic Oath, which guides the profession and requires that the doctor do no harm to the patient.

As the public begins to realize that medicine may not be able to achieve the ideal of a complete cure despite spiraling health care costs, many people have begun to favor imposing a legislative solution, as if a legislative or fiscal remedy would improve the quality of care.

From day No. 1 of medical school, we are taught that we must be the patient's advocate. Yet the medical profession is frequently portrayed through disparaging remarks as being uninterested in the patient and being solely concerned with money. The way medicine is practiced is increasingly being determined by businessmen and business women, economists and lawyers who are interested merely in cost containment and maximizing corporate profits.

Hospital administrators, insurance officials and corporate executives, in trying to reduce medical costs, have taken from the doctor the ability to make proper medical decisions. The bureaucracy created by these groups to insure compliance with public and private insurance programs is the single greatest obstacle preventing individuals from receiving the medical care they need.

Given the current combative atmosphere toward medicine, the loss of prestige once held by doctors, the high paying lure of business and legal careers and the uncertainty about the future nature of medical practice, some of the brightest people will eschew medicine for other professions.

As I begin a career in medicine, I am troubled by the lack of control I hold over the direction of my future and by the feeling of being besieged. Government should work closely with doctors in setting the agenda for health care rather than succumbing to the expediency of political grandstanding.

We need to realign the expectations for medicine to correspond to the realities of an exact science. Medicine-bashing has become popular. But by driving our talented and dedicated youth into other professions and by restricting doctors' medical decisions with unnecessary regulations, the goal of quality health care will only become more elusive.

## Keep the Radios Broadcasting to the East

By James A. Michener

WASHINGTON — When Moscow announced recently that it would stop its jamming of Voice of America broadcasts, a Soviet spokesman took the occasion to denounce Radio Free Europe and Radio Liberty, for which it has intensified jamming efforts.

"They are relics of the cold war," he said, making it clear that Moscow would not stop jamming the stations.

James A. Michener, an author, is a member of the Board for International Broadcasting, a Federal oversight agency.

He thus admitted that Moscow engages in acts that violate treaties Moscow has signed.

At a time when the Soviet Union is in flux, when glasnost is attracting attention worldwide and when tension between the superpowers remains high, it would be folly for us to retire from international debate. Fifty million listeners rely on Radio Free Europe and Radio Liberty as the major source of news about their countries.

Congress should resist attempts to cut funding for the radios in order to reduce the Federal budget deficit.

Radio Free Europe and Radio Liberty were established in the early 1950's to provide the peoples of Eastern Europe and the Soviet Union with a source of detailed and balanced information about events in their own countries. Radio Free Europe broad-

casts to Eastern Europe and Radio Liberty to the Soviet Union. In 1972, the Munich-based radio stations were merged and placed under the Board for International Broadcasting.

Unlike other Western broadcasters, these two stations focus on internal events in Eastern Europe and the Soviet Union. They have the unique mission of providing surrogate "home services" for the people of the Soviet bloc. The Soviet leaders will grudgingly tolerate Western broadcasts on world events or life in the West. But what they fear most — and have steadfastly refused to accept — is Radio Free Europe and Radio Liberty providing their people with information about developments at home.

For decades, the Soviet Union has conducted an intense propaganda campaign against these broadcasts. They have been denounced as "instruments of the C.I.A.," "subversive

radio stations" and as "a relic of the cold war." Soviet bitterness about the stations' role has sometimes left the impression in the West that the stations must be particularly strident and "propagandistic."

In fact, they are among the most careful of Western radio stations, adhering to the strictest standards of journalistic objectivity and balance. The stations have enormous appeal in Eastern Europe and the Soviet Union. In many countries, Radio Free Europe enjoys an influence and stature hard to comprehend in the media-saturated West.

Natan Sharansky testified that Radio Liberty gave hope to the dissident movement in the Soviet Union during its most desperate hours. Jerzy Urban, the Polish Government spokesman, has stated, "If you would close down Radio Free Europe, the under-

ground [Solidarity] would cease to exist." Zbigniew Brzezinski has called the broadcasts "the most important and perhaps least recognized service that America has rendered over the years to the preservation of a European identity in Eastern Europe."

Radio Free Europe and Radio Liberty are no more a relic of the cold war than is the Atlantic alliance. Both are important mainstream instruments of American foreign policy. But the Soviet Government's monopoly on information, denial of a free press and total control of all media are relics of the Dark Ages. The most appropriate response to Moscow's increased jamming of these broadcasts would be a clear national commitment to support this vital organization, which is little appreciated in the West yet highly valued by millions in the East.



## WORRYING ABOUT 'INVESTMENT FRICTIONS'

## When Main St. Belongs to the Japanese

By DANIEL YERGIN

FROM the surge of Japanese buying on Wall Street, to Fujitsu's attempts to buy Fairchild, to Mitsui Real Estate's purchase of the Exxon headquarters in New York City, it appears that something extraordinary is going on. There is a Japanese "investment wave" breaking across the United States, bringing the possibility of greater cooperation but also the threat of a further heightening of tensions.

For the United States, the new investment — and enhanced Japanese presence here — should be welcomed as a way to help ease the current trade controversy while fostering economic growth and job creation. But the investment could also stir up resentments and controversy.

For Japan, direct investment looks particularly attractive at a time when the dollar seems to have stabilized at a low level, thus insuring that acquisitions will not lose any further value in yen terms. But there is already some criticism in Japan about how foreign investment is promoting a "hollowing-out" in Japanese industry, leading to a loss of jobs at home and rising unemployment.

## Surging Investment

While the political effects may be uncertain, there is no doubt that the pace of Japanese investment is accelerating rapidly, with portfolio investment leading the way. Net Japanese purchases of American stocks rose from \$257 million in 1985 to \$3.2 billion in 1986 — and to \$3.4 billion in just the first quarter of 1987. Meanwhile, Japan continues to fund a substantial part of the budget deficit through purchases of Treasury notes.

But the key development is direct investment, which has risen dramatically in recent years (see accompanying chart), to a total of \$23.4 billion in 1986 — 11.2 percent of total foreign investment, compared with just 2.1 percent in 1975. Fully 45 percent of Japan's direct foreign investment went to the United States last year. So far, real estate has been the leading form of direct investment, with Japan recently overtaking Britain as the number one foreign landlord.

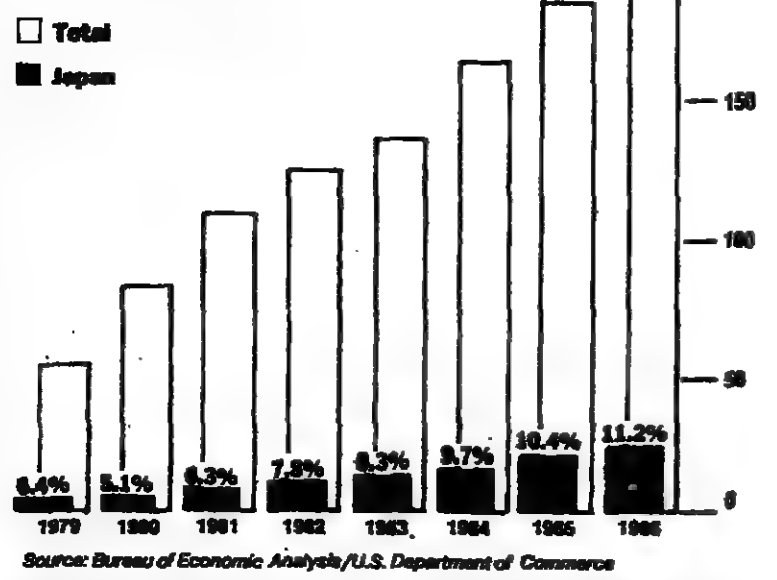
Japanese investment should rise even more dramatically in 1987. Japanese investors are looking for higher returns, and manufacturers are seeking relief from the export burdens of an expensive yen. Fearful of possible American protectionism, they also want to establish operations inside any new American trade fence. And, again, the prospect of a stable dollar seems to remove the threat of further currency losses.

Daniel Yergin is president of Cambridge Energy Research Associates, consultants in energy markets and international economics and politics.

## Foreign Investment in the U.S.

in billions of dollars.

Percent figures are Japan's share of total direct foreign investment.



Source: Bureau of Economic Analysis/U.S. Department of Commerce

To date, Japanese investment has generally been welcomed in the United States; indeed, states and businesses have competed for shares of the money. But there are signs of what some Japanese are now calling "investment frictions." These frictions easily could escalate into a major political battle between the two countries. For the sake of future economic growth and security, policymakers in both countries have to take steps to ward off tensions.

These prospective investment frictions stem from several factors, the first being a spillover from the trade problems. "Fair" trade and "competitiveness" are at the top of the political agenda today, and when politicians talk about "competitiveness" they clearly do not mean Britain or France. Even the appearance that Japan is freely buying up American properties with the profits of an unfair trading system — whether true or not — could create an explosive political issue.

Feelings could be rubbed raw in Japan as well, because of a major perception gap. The Japanese will need to keep in mind that Americans still tend to see an unbridled economic powerhouse called "Japan Inc." There is little recognition here of the turmoil and recession — not to speak of rising unemployment — and fears of deindustrialization — that the dollar's fall has caused in Japan.

The second friction concerns the fears of "foreign" control and manipulation that often accompany large and visible foreign investment. It is a phenomenon that American multinationals confronted in Europe in the 1960's and that Arab investors en-

countered in the United States in the mid-1970s.

In this debate, however, Japanese investors can count on significant political allies. Besides businesses, their partners will include local populations and mayors, governors and congressmen who see jobs being created and economic activity being stimulated in their districts. This factor differentiates the investment issue sharply from the trade issue. In the case of trade, the main constituency is consumers — the two-thirds of all Americans who, in one poll, said that they like to buy Japanese products. Yet consumers compose too broad a category to carry political influence. Japan's natural allies in America will help reduce the tensions, and will resist efforts to make investment a divisive political issue.

But there is an important qualification — the point of equal treatment and reciprocity. The investment frictions will be much better managed if United States business has equal treatment and opportunity to invest in Japan. If American exporters and investors are seen to be denied access to the Japanese economy, then Japanese investment in the United States will encounter more criticism and resistance.

The third investment friction is "operations and execution" — how direct investment is carried out both in individual cases and in cumulative form. It is here that the specific strategies and behaviors of both American and Japanese companies will directly determine to what extent such frictions arise.

Though many Japanese companies

report themselves surprisingly pleased with the caliber of their American workforce, both sides agree that there are major differences in culture, outlook and expectations, as well as attitudes toward work and the enterprise. How well the two sides adjust to each other over time will affect the overall climate for investment.

This will be the case not only in times of start-up and normal operation but even more at times of stress — for instance, during unionization campaigns, affirmative action disputes or recessions. American multinationals in Western Europe sometimes found themselves on tricky political terrain when they were forced to shut down a plant.

Japanese companies also need to be alert to the charge of "sticking together" and not doing business with American suppliers. Of course, Japanese companies reply that the issue is one of quality control. Still, this is a question that manufacturing companies will have to wrestle with.

## Easing Tensions

Any new development carries risks, but the risks should be kept in perspective. It should be possible for the Japanese to establish strong and mutually beneficial roots here without stirring up resentments. They can accomplish this by observing a series of guidelines, including: assuring American managers that they have senior promotion opportunities; developing the relationships that assure good channels of communication; and becoming a good "local citizen" through involvement in local volunteer and charitable activities.

Japanese companies will find themselves pushed to work with American partners and, certainly, with American suppliers. The investing company will also need to work hard to understand the political and social culture of the local community and the United States. For the company's position will be affected by forces that work differently than in Japan — an active legal system, state and Federal regulation and pressure from interest groups, to name a few. Finally, it will help the Japanese to remember that "consensus-building" is not unique to Japan; it is also done in America, but differently.

The investment wave marks a new era in U.S.-Japanese relations, a logical result of shifting exchange rates and Japan's economic success. The development also highlights, in a new form, how important, even vital, America's economy is to Japan. This sometimes gets lost. Despite the difficulties at various times, there is a fundamental bond of mutual interest between the two countries. If properly thought-out and executed, the investment wave can tie the two nations together in a new and positive way, and perhaps even help to ease the bitter feelings aroused in the trade dispute.

## The Economy

## WEEK IN BUSINESS

## A Humbled Toshiba Takes Its Lumps

Toshiba is quietly accepting the punishment meted out by the United States for the Japanese company's shipments of sensitive material to the Soviet Union. The day after the Senate backed a ban on imports of Toshiba products, the chairman of Toshiba, Shiroshi Saba, and the president, Sugichiro Watari, resigned. But such a ban, which would include laptop computers gaining popularity in America, might be unconstitutional. A similar ban is being proposed in the House, and both would include products made by Kongsberg Vasefabrik, a Norwegian state-owned company that also sold technology to the Russians.

A ban on Toshiba would block the shipment to the United States of \$1 billion to \$3 billion in products. While that would help the trade balance, most analysts and officials say the problem is political, not economic. Still, some members of Congress see an opportunity to punish Japan for not opening its markets to American products.

The merger of the Santa Fe and Southern Pacific railroads was blocked by the Government as anti-competitive, and now one or both railroads have to be sold off within two years. The merger was first agreed upon four years ago and, because no other rail merger had been blocked, executives had been operating the two railroads as one under a holding company. But the merger has been in trouble for some time, with the Interstate Commerce Commission deciding in April that too many of the railroads' operations were parallel. On the bright side, the end of the merger has helped the company's stock, since a lot of railroad and transportation companies are interested in bidding.

Leading indicators jumped seven-tenths of 1 percent in May, the fourth consecutive gain. But analysts, cautious as ever, say some key components of the index paint a less rosy picture, and see second-quarter growth of between 1 and 3 percent.

Unemployment dipped to 6 percent overall in June, the lowest rate since late 1979, but most analysts say that's because teenagers who began looking for jobs on the Monday after the survey were taken were not included. ... Spending on new construction rose three-tenths of 1 percent in May, a slight improvement. Single-family construction remained strong, although sales of new homes plunged 14.9 percent in May. ... Factory orders were unchanged in May.

A. H. Robins and Rorer signed a letter of intent to merge, but the deal is far from a fait accompli because claimants against Robins and its Dalkon Shield oppose such a merger. The deal calls for a \$1.75 billion trust fund for the claimants, \$120 million for other Robins creditors and a \$725 mil-



Soichi Saba, former chairman of Toshiba.

lion stock swap. Robins had fought previous takeover attempts.

Lee A. Iacocca apologized to Chrysler customers for what he said were the "dumb" and "stupid" practices of selling as new cars that had been test-driven with the odometers disconnected and cars that had been damaged in the testing. Mr. Iacocca, chairman of Chrysler, was trying to counteract negative publicity about the indictment of Chrysler, and he promised replacement cars of extended warranties for people who bought the cars involved.

Stock traders celebrated the Fourth of July a bit early with a Thursday rally that wiped out most of losses of earlier in the week. For the week, the Dow Jones industrial average lost just 0.16 points for the four-day week, closing at 2,436.70.

Bonds issued in the Netherlands Antilles will retain the allure of tax-free interest because the Treasury Department changed its mind. The prospect of \$32 million in bonds either being suddenly redeemed or subject to a 30 percent withholding tax had sent bond prices down sharply.

Texaco might get help from the S.E.C. in its battle to keep from paying Pennzoil more than \$12 billion in the Getty case. The S.E.C., in a brief to be filed in Texas Supreme Court is expected to say that Pennzoil broke securities laws by negotiating both publicly and privately with Getty. That could pressure Pennzoil to agree to a settlement.

OPEC ministers agreed to keep oil at around \$18 a barrel by restricting output. The group's ministers, who usually spend more time bickering and exchanging accusations than controlling prices, showed a remarkable sense of togetherness caused by the fear of uncontrolled production.

Miscellaneous. House and Senate conferees agreed on a banking bill to give \$8.5 billion to the F.S.L.I.C. rescue fund, ban limited-service banking and to impose a nine-month moratorium on new securities underwriting by banks.

## BUSINESS NEEDS NEW IMAGES

## Time to Hang Up the Old Sports Clichés

By WARREN BENNIS

AMERICANS are, on the whole, simple and direct people. We do not incline toward nuances or subtleties, in either our lives or our work. We opt inevitably for the concrete over the abstract. We are also extremely competitive, relishing opponents' losses as we boast of our own victories. For these reasons, sports are not only our favorite form of entertainment but the principal model and metaphor for our own lives.

At home and at work, we talk often of winning and losing, scoring touchdowns, currying the ball, close calls, going down to the wire, baiting a thousand, hitting paydirt and going into extra innings, and while we may like movie, TV and music stars, we admire sports stars. Every father wants his sons to shine on the playing fields, which is why Little League games frequently have all the carefree air of the London blitz.

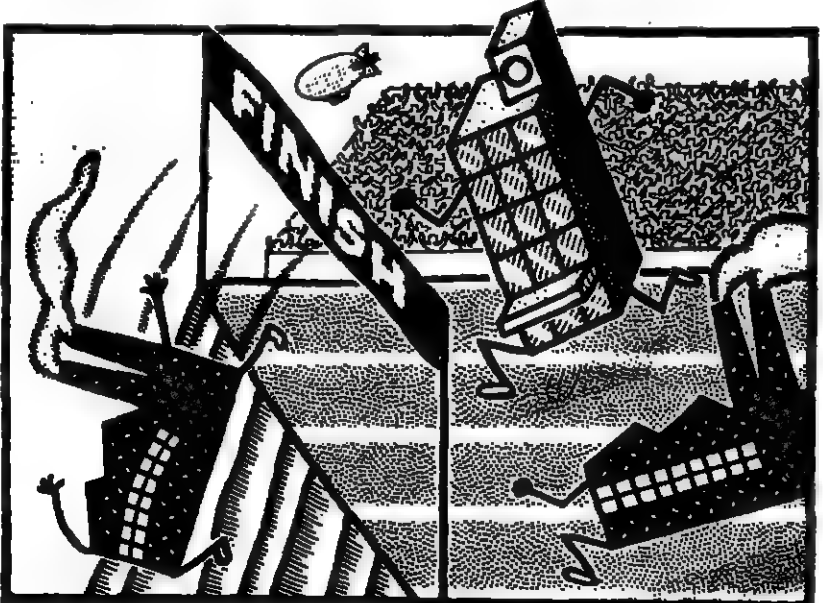
Preachers and politicians, among others, see this national obsession as healthy, portray us as good people interested in good, clean fun. Universities, including mine, celebrate and reward their athletes as heroes. When the Super Bowl rolls around, the country focuses on The Game.

I am admittedly as obsessed as anyone. I seem to remember forever great plays, great players and even the scores of great games, though I sometimes cannot recall whom I sat next to at dinner three nights ago. But I am also convinced that it is time to find a new model.

Life is not a baseball game. It's never called on account of darkness, much less canceled because of inclement weather. And while major sports are big business now, business is not a sport, and never was. Indeed, thinking of business as a kind of game or sport was always simplistic. Now it's downright dangerous.

Games are of limited duration, take place on or in fixed and finite sites and are governed by openly promulgated rules that are enforced on the

Warren Bennis is professor of business administration at the University of Southern California and co-author of "Leaders." This is based on a longer article that will appear this fall in "New Management."



Tom Gray

spot by neutral professionals. Moreover, they are performed by relatively evenly matched teams that are counseled and led through every move by seasoned hands. Scores are kept, and at the end of the game, a winner is declared.

Business is usually a little different. In fact, if there is anyone out there who can say that his business is of limited duration, takes place on a fixed site, is governed by openly promulgated rules that are enforced on the spot by neutral professionals, competes only on relatively even terms and performs in a way that can be measured in runs or points, then he is either extraordinarily lucky or seriously deluded.

The risks in thinking of business in sports terms are numerous. First, to measure a business on the basis of wins and losses is to misunderstand both the purposes of a specific business and the nature of business itself. No business — whether it sells insurance or manufactures cars — can or should be designed to win. Rather, it should be designed to grow, both quantitatively and qualitatively. In this sense, it vies more with itself than with its competition. This is not to say there are never winners or losers — in head-to-head contests, as when two ad agencies are competing for the same account, someone will win and someone will lose. It is to say, to paraphrase Vince Lombardi's leg-

endary dictum, winning isn't everything, it's one of many things a business must accomplish.

Thus, a company designed merely to win, will probably lose in the long run. For example, the John Doe Insurance Company could win the auto market overnight by offering comprehensive coverage for \$100 a year. However, the company would fail when the claims began coming in.

SECOND, it is perilous to think of limits, rules and absolutes in business. Athletes compete for a given number of hours in a given number of games over a given period of weeks or months. Businesses are in the arena for decades, sometimes centuries. Though the action may rise and subside, it never stops. It does not offer any timeouts, much less neatly defined beginnings and endings.

American business has traditionally been schizophrenic about rules. When it is flourishing, it wants no rules or regulations. When it is failing, it wants a plethora of rules. For example, Detroit saw Washington as its nemesis until foreign cars flooded the market. Then, Chrysler went to the Feds for a loan, and now Detroit begs Washington to regulate imports while lobbying against Federal safety and quality controls.

Athletes perform in a static environment — the size of the field, the length of the contest, even the ward-

robes of the players remain the same, day after month after year. Businesses function in a volatile universe, which changes from moment to moment, and hardly ever repeats. It is affected by droughts half a world away, a new gizmo down the street, consumer attitudes and needs, a million things. Given this mercurial context, any business that is not at least as dynamic and flexible as the world in which it functions will soon be out of step or out of business.

Clearly, then, there are far more differences between sports and business than similarities. But the danger is that many people will continue to imagine that success in business is like success in sports — flat-out, total victory; a world championship. But the best-run and most successful companies in America do not think in terms of victories and defeats, coming from behind, last-minute saves or shining moments, and they do not count on regulations or referees. Instead, they think in terms of staying power, dedication to quality and an endless effort to do better than they have done. They see change as the only constant, and they try to adapt to the world rather than expect the world to adapt to them. Indeed, it is a business's ability to adapt to an ever-changing world that is the basis for both its success and progress.

I should emphasize that I am not criticizing the management of professional sports teams, which are themselves businesses. Some teams are poorly run but others, like the Boston Celtics or Los Angeles Lakers, operate on the same principles that other successful businesses do. They change, they plan for the long-term and they strive ceaselessly for quality. What I object to is comparing the playing field to the marketplace.

The truth is that there is no workable or appropriate metaphor for business except business itself, and that should be sufficient. Like a well-played game, a well-run business is something to see, but, unlike a well-played game, it is not a diversion. Rather, it is life itself — complex, difficult, susceptible to both success and failure, sometimes unruly, always challenging and, often, joyful.

So let's leave the home runs to the Phillies' Mike Schmidt and the touchdowns to the Bears' Walter Payton, and get down to business.

## The New York Stock Exchange

## MOST ACTIVE STOCKS

WEEK ENDED JULY 2, 1987

(Consolidated)

Company	Sales	Last	Net Chng
AT&T	13,184,200	29 1/2	+ 3/8
SF So P	10,867,000	52 1/2	+ 6 1/2
Pac Tel	8,759,900	26 1/2	- 1/2
Texaco	5,895,900	41 1/2	+ 3/4
Ill Power	5,828,200	27	+ 1/4
IBM	5,582,400	164 1/2	- 2 1/2
Variety	5,494,100	2	- 1/2
Brt Ntn	5,496,100	80 1/2	+ 2 1/2
Phil Pot	5,432,000	16 1/2	+ 1/4
U Carb	5,026,800	30 1/2	- 1/2
Gen El	4,909,600	55	- 3/4
A Exp	4,626,700	35	- 1
Ullrich	4,480,700	38 1/2	- 1 1/2
Car Pw	4,313,900	36 1/2	- 1/2
Cent En	4,282,600	17 1/2	+ 1/4

## MARKET DIARY

	Last	Prev.
Advances	859	963
Declines	1,019	1,008
Total Issues	2,165	2,188
New Highs	141	224
New Lows	45	48

## VOLUME

(4 P.M. New York Close)	Last	Year
Total Sales	620,214,890	22,746,790,868
Same Per. 1986	541,003,120	17,968,526,901

## WEEK'S MARKET AVERAGES

	High	Low	Last	Chng
New York Stock Exchange	211.1	207.7	209.6	-0.89
Transp	154.4	151.4	154.4	+1.79
Utilities	75.6	73.8	75.1	-0.40
Finance	155.0	152.2	152.9	-2.06
Composite	173.1	170.3	171.8	-0.84

## Standard &amp; Poor's

	351.1	355.0	-1.44
400 Industrials	357.7	349.6	+2.63
20 Transp	254.6	249.6	+2.63
40 Utilities	114.9	112.7	+1.09
40 Financial	30.1	29.3	-0.52
500 Stocks	308.1	302.5	-1.53

## Dow Jones

	2460.3	2391.2	+243.7
30 Industrials	2460.3	2391.2	+243.7
20 Transp	1940.4	1910.8	+103.4
15 Utilities	208.2	204.1	+205.9
65 Combs	920.9	897.3	+912.7

## The American Stock Exchange

## MOST ACTIVE STOCKS

WEEK ENDED JULY 2, 1987

(Consolidated)

Company	Sales	Last	Net Chng
GCOR	3,914,800	18 1/2	...
Block E	2,784,900	5 1/2	+ 1/2
Wicks	2,737,400	4 1/2	- 1/2
TimeCo	1,863,900	14	...
FruitL	1,634,700	7 1/2	- 1/2
Kidde	1,631,500	9 1/2	+ 2 1/2
Viacm	1,322,300	24 1/2	...
Prpdl	1,185,900	5 1/2	- 1 1/2
LoTel	1,185,800	15 1/2	- 1/2
WangB	999,800	16 1/2	- 3/4

## MARKET DIARY

	Last	Prev.
Advances	377	413
Declines	436	426
Unchanged	168	156
Total Issues	981	995
New Highs	56	62
New Lows	49	40

## VOLUME

(4 P.M. New York Close)	Last	Year
Total Sales	50,428,145	1,778,708,920
Same Per. 1986	46,749,795	1,678,160,794



# Heated advice

Gardener's Corner/Walter Frankl

**ORGANIZE YOUR** gardening activities according to season. There should always be colour in the flowerbeds and on your balcony. Concentrate your time and energy on those plants which will give you a maximum of beauty, even in the July heat.

Geraniums, everywhere, are on top form now. Don't underestimate them merely because they are cheap and easy to grow. Geraniums are traditionally thought of as pot or balcony plants, but as anyone who has walked through public gardens can attest, they make excellent bedding flowers as well. Jerusalemites and visitors should take a look at the hundreds of simple red and pink geraniums blooming at the front of the Laromne Hotel. Keep geraniums "cosmetically" up to date by removing all faded flowers together with their stems. I remove half-faded blooms if there are new buds, to encourage continuous colour.

Remove dry or faded leaves twice weekly. Lift the soil around geranium plants whether in containers or flowerbeds, provide food (any fertilizer will do) and water well twice a week. Provide a thin layer of mulch (dried leaves are best) to retain moisture.

Petunias, salvias, delphiniums, cosmos, nigellas, calendulas, pansies, alyssums (white and purple), light and dark blue lobelias, snapdragons (dwarf and giant), Chinese carnations are all available now in the nurseries. The best way to achieve quick colour in the garden is to buy these plants in plastic pots when they show a glimpse of colour and to transplant them into the prepared bed or container together with the whole root ball.

You can still sow sunflower seeds of various kinds. Most of them are high growing and suitable for background in flowering borders. Cut faded flowers and soon afterwards new stems with little sunflowers will emerge from the cut end. For the first row in your flowering border you may sow Iberis amara, a less

known garden flower with lovely, snow-white blooms, reaching a height of about 10-15 centimetres. **SUMMER-FLOWERING** biennials such as aquilegias, sweet-williams and bell-flowers, are already in bloom and it's too late to plant them now. Include them in your garden plan for next year. They should be planted early April to be ready for blooming the next summer. If you grow the biennials from seed, they will take a long time to flower, but if you buy them from the nursery as ready plants they will make a wonderful show the same season.

Different species of perennials like chrysanthemums and delphiniums are being sold now in pots. They may be planted in rich soil and will soon show their attractive colours.

If you followed our advice and planted corms and bulbs of dahlias, canna lilies, tiger lilies, gladioli and tuberous begonias, you will be enjoying them from now until the autumn. For a good permanent show you have to help your plants. Stake the higher growing ones like dahlias, gladioli. The best plant food for the perennials is a slow-release fertilizer like osmocote grains (one teaspoon a season per plant). Roses, dahlias and chrysanthemums should be disbudded regularly. Leave one or two of the strongest buds on the top to get larger flowers.

For a continuous flower show without empty spots in the garden, you can still plant asters, coreopsis, gomphrena, portulaca, kochia, verbena, vinca rosea, amaranthus, celosia, tagetes and zinnia. Remove all dry and faded plants (except perennials, which should be cut down), prepare the soil by manuring, digging and raking. Then buy new plants at your nursery and get them planted as soon as possible.

Don't forget regular control of pests and diseases. Aphids are so perfectly camouflaged that they are not easy to detect. The colour may differ, but the damage is the same.

You will find green aphids on roses, yellow ones on oleander shrubs, grey ones on cabbages and black ones on chrysanthemums.

Spray with a mixture of malathion and sepiol (the latter is against fungi like mildew and rust). Take 1 cc of each liquid per litre of water and spray frequently to keep insects and diseases down.

**THE FOLLOWING** plants can be bought now at the nursery for colour in fall and early winter, and planted as usual: camellia (Silene acaulis, isiparni huserat givoli), speedwell (Veronica spicata, heronika masubelei), violet (Viola odorata, sigalit), valerian (Valeriana officinalis, valeriana refuit), yarrow (Achillea millefolium, ahileat elaf heleah).

Keep lawns well watered and mow regularly. Feed when growth begins faltering. If lawns turn yellow (perhaps chlorosis - iron deficiency?), try to treat with iron chelate or "hori-kal" seaweed extract plus sequestered iron. Use some sulphate of ammonia if the former means are not enough to green the lawn again.

Cycas revoluta is the botanical name of a miniature palm from the jungles of Polynesia which has been grown in this country for about 50 years. If you have a cycas in your garden you may find young offsets around it. In early July these can be removed from the mother plant and rooted in medium-sized flower pots, filled with a mixture of half vermiculite half peat. Next spring they can be transplanted for permanent growth.

Another summer plant for shade or half-shade is the coleus. This plant with its extraordinarily attractive, coloured foliage comes originally from Java; its Hebrew name is *nedanun*. Coleus needs frequent waterings and cannot withstand direct sun. Coleus flowers in light blue, but it's better to remove the little flower spikes on the tops for better foliage. The wide range of leaf colour patterns fits almost any indoor or window decoration and there is also a great deal of variation in leaf size and margin - from crinkly, deeply-segmented leaves to large, velvety ones.

Snakes are very active during the hot summer months. Not all snakes are poisonous, but it's worth taking extra precautions. Don't go barefoot in the garden, especially in the dark, and be careful when weeding by hand.

# Cash takes Centre Court by storm

**WIMBLEDON.** - Pat Cash, the 11th seed, recalled Australia's golden era of Wimbledon domination when he won the men's single's title by routing world No. 1 Ivan Lendl with surprising ease in yesterday's final.

Cash's victory, a triumph for the traditional grasscourt virtues of solid serving, superb volleys and quicksilver footwork, made him the first Australian since John Newcombe in 1971 to win tennis' oldest and most treasured prize, worth on this occasion £155,000.

When it was all over, after two hours and 45 minutes, Cash, the 1982 Wimbledon junior champion didn't wait about on ceremony.

He charged through the crowds and climbed into the visitors' box to hug and kiss his parents, girlfriend Anne-Britt Kristiansen and coach Ian Barclay.

"I wanted to share this with those closest to me, the people who mean the most to me," Cash said, adding that he had been nervous about losing since clinching a berth in the final on Friday. "I had butterflies for a day, my legs were like jelly this morning," he said. "It's not easy to go out and play."

On court, Lendl sat in a chair and sipped a drink. His quest for a title on Wimbledon's grass, a title that he said he would give up some of his five other Grand Slam victories to get, had vanished in the smoke of Cash's blazing game.

"It's really disappointing, I've worked so hard," he loudly said and just played so well.

"I could make no impression on his serve, he placed it so well and the court was so hot that I could never tell where he was going to serve."

"The crucial factor was the fact he made me volley so much that I couldn't return well enough to make him volley. I expected him to return well, but not that well. I didn't think he would be hitting winners off my first serve," Lendl said after the match.

Cash had 36 service winners and four aces and didn't give up a point on his serve in the second set. Lendl had just one service break.

"I felt I served well and don't think I returned well," Cash said, "and that gave me a lot of free points."

Sitting out Lendl on his serve for a full set, Cash added, was "pretty amazing."

Newcombe's win in 1971 had marked the 13th time in 16 Wimbledon editions that Australia had provided the men's champion here. In the intervening years, however, the nearest an Australian came to winning was in the 1974 final when Ken Rosewall suffered a terrible drubbing at the hands of Jimmy Connors.

Yesterday, however, was a green-and-gold Australian day in every sense. Wimbledon's famous grass court was bathed in brilliant sunshine and the darting Cash tore



**AUSSIE POWER.** - Ivan Lendl (left) under assault from Pat Cash's power in yesterday's men's final.

Lendl apart with a thrilling all-court performance.

It was impossible not to feel a pang of disappointment for the second-seeded Czechoslovak, so desperately wanting to add Wimbledon to his French and U.S. Open titles.

But there was no doubting the validity of Cash's triumph.

Cash had lost in the finals of the Australian Open to Stefan Edberg last January. He is a grass-court player of much acclaim, a semifinalist at Wimbledon in 1984 and a quarter-finalist last year, less than two months after an appendix operation. In addition, he had beaten Lendl in their last meeting, in the semifinals in Melbourne.

He came into this tournament with an image problem. Some remarks he made in an interview with a British magazine, that women's tennis was boring, infuriated many players, men and women alike.

But his own words in the two-week tournament were anything but boring. He lost just one set on the way to the final, the third-seeded Lendl, who was the only Australian player to reach the final. Lendl, who had won his Wimbledon title in 1984, was the only American to reach the final.

Against Lendl, he was even more imposing. Cash allowed just 15 points on his service in the second set, held all of his service games to love and won his way back to 5-4. Cash did not falter, however, and slammed down a service winner to clinch the set.

From 6-3 in the forehand - which Cash won 7-5 - to 40-15 in the second game of the third set, Lendl could not get a point on Cash's vicious serve.

Lendl's loss break came in the fourth game of the third set, when Cash sent a forehand winner long. He held for 4-1 and was starting to strut

**BOXSCORE**

	Lendl	Cash
First serve percentage	52	67
Aces	4	2
Service winners	29	36
Double faults	6	2
Placement winners	41	22
Unforced errors	18	11
Service games held	12	1
Service games broken	0	1
Total points won	92	120
Approaches to net	90	63
Points won at net	39	26

opening service game, whereas the world No. 1 struggled for 14 minutes to make it 1-1 in a game which ran to seven deuces and included five tiebreak points for the Australian.

That seventh game was a mirror of what was to come. Lendl's big serve was not landing in on their target with their normal regularity and consequently he had to pick up some excellent returns from Cash.

He was also the victim of a superb lob, once heading down-the-line passing shot from the net and Cash and an uncharacteristic double fault which led to Lendl slapping the ball into the net in frustration.

Although he weathered the early storm he could make no impression on the deadly Cash serve. The Australian cancelled only six points in his service games before the tie break and only once, in the seventh game, did Lendl even manage to reach deuce.

Lendl, on the other hand, was always fighting an uphill battle and had to serve another break point in a tough five-deuce tenth game in which Cash hit two stunning returns which stopped the headstrong Lendl cold.

The tie break began as a nightmare for Lendl. Cash, hitting his serve as crisply as ever and always looking for the chance to attack Lendl down the line, served 6-1 clear before the Czech slipped his way back to 5-4. Cash did not falter, however, and slammed down a service winner to clinch the set.

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the street he shows when he is playing like No. 1. Suddenly, Cash was having trouble too. It looked as if Lendl was about to take a set and, perhaps, start a comeback, like that in Paris in 1984 when he climbed from two sets down to beat John McEnroe for his first French Open.

That was Paris, on the clay Lendl knows so well. This was grass, a surface that Lendl acknowledged last week was still foreign to him.

Cash on the other hand was fully at home on grass. He held for 4-2 with the help of his fourth and final ace, winning four points in a row after a double fault gave Lendl a 0-15 lead.

That was to be Lendl's last point on Cash's serve. Cash held to love for 5-3 on a long service return, then broke Lendl on the Czech's sixth double fault.

Two added returns, a service winner and a long forehand ended the set at 5-5 for Cash, and he broke again for 6-5, according to a 6-4 lead before Lendl served two of the break points. Lendl then served a forehand winner, and Cash was down 6-5.

With triple match points, Cash's serve pushed Lendl wide to his backhand for a return. By the time the ball reached the net, Cash was there too, for his final pass.

It was a common occurrence. Cash had gone to the net 42 times before the match, and won 25 points.

When the 26th winning volley kicked off dust for the final point, Cash - his chested face beaming with sweat - raised his arms and flexed in joy, looking like a body-builder.

He then rushed to the stands and climbed to those who had cheered every point.

Claudia Kohde-Kilsch of West Germany and Helena Sukova of Czechoslovakia won the women's doubles title, beating fifth-seeded Betsy Nagelsen of the U.S. and Elizabeth Smylie of Australia 7-5, 7-5.

The mixed doubles title was won by Jeremy Bates and Jo Durie of Britain. They beat Darren Cahill and Nicole Pietrangeli of Australia 7-6 (12-10), 6-3.

## A rare experience

**ISRAELI PHILHARMONIC ORCHESTRA** - Light Classical Music: Zubin Mehta conducting with Itzhak Perlman, violin; Gerry Mulligan, saxophone; Harold Panik, piano; Dean Douglas Johnson, bass; Charles Miles, drums (Mann Auditorium, Tel-Aviv, July 4). Lendi: Hungarian Rhapsody No. 6, by Franz Liszt; Three Jewish Melodies for Violin, Clarinet and Orchestra; Gerry Mulligan's "Entente" for Baritone, Saxophone and Orchestra; Jazz Selections; "Pacific K-4" for Jazz Quartet and Symphony Orchestra.

**THIS LAST** concert of the light classical music series presented two stars: Itzhak Perlman and the fabulous jazz giant of our time, Gerry Mulligan. Perlman seems to be capable of everything. Dov Seltzer's excellent arrangements of Jewish Melodies for violin and orchestra displayed Perlman's unique com-

bination of musical introspectiveness and tonal splendour as well as any other serious work he could have played.

Avoiding sentimentality and schmaltz, the four songs were granted full concert-hall respectability. Clarinetist Israel Zohar provided perfect Klezmer interpolations.

Mulligan is not only a splendid saxophonist but also a composer who succeeded in integrating jazz improvisation with symphonic frameworks.

"Entente" and especially "Pacific K-4", in which the whole jazz quartet created a consistent dialogue with the orchestra, were examples of the



**MUSIC REVIEW**

way the frontiers between jazz and symphonic music are becoming erased. "Jazz Selections", played by the quartet without the orchestra, showed us what creative and imaginative jazz players can achieve in solid dialogue and togetherness.

Finally we were treated to a real surprise, Perlman, asked to join the band, became its leader, playing the melody himself and leaving the improvisation to the others. A rare experience.

**BENJAMIN BAR-AM**

## Time piece

A MAN and a woman stand in front of a shop window. "There," says the woman, "that's what I need: a spice-rack like that."

The man's eyes travel in the direction indicated by his wife. "Ugh," he says, "that fake antique thing? Disgusting. Shoddy workmanship, too, from the look of it. I bet it'll come apart before its first year is out. And look at the price! No, I tell you what. You want a spice rack? I'll make you one. Easier, simpler. Shouldn't take me more than a couple of hours."

In the event, it takes two days, and that is minus the cleaning up afterwards - a terrible job, since sawdust has a tendency to get over and under and into all available space, and cling to everything as well, the broom

## RANDOMALIA Miriam Arad

included. The spice rack itself is, admittedly, a thing of beauty, but it once again confirms what that great law-maker, Murphy, has stated: Things will take longer than you think.

The question is, why do they? I expect one reason is that when trying to estimate the time things will take, we consider the net rather than the gross. To give a simple instance, you figure that sewing on a button is the work of two minutes. You fail to take into account, however, that the job includes looking for a button of the right size and colour, finding thread to match, and, possibly, hunting for the scissors, with which your teenage son has cut his nails, and which are now buried under a pile of

school books on his desk.

What people - even those of vast wisdom and experience - also fail to take into account are the snags and hitches that are an inseparable part of man's life on earth. It's true you don't get a flat tire every day, but you do get a phone call holding you up for 10 minutes, and you do find that you have no eggs in the house, adding 20 minutes to and from the grocery to the half-hour job of baking a cake. On top of that, things like electric drills and washing machines break down. Part A won't fit into part B whatever the instruction sheet may say. Tiny screws drop out of your hand never to be seen again, a pot of glue tips over, a nail won't come unstuck, and a zipper likewise.

Things take longer than you think, and no doubt that also explains why half of humanity is never on time, keeping the other half waiting. The Cohens arrange with the Levys to be at their place at 5 p.m., which will require their leaving the house at 4:30 p.m. Mrs. Cohen starts dressing at 4:20 p.m. with plenty of time to spare, but discovers 1) a ladder in her stocking, and 2) that the pink blouse doesn't go with the brown skirt after all. Then little Shira needs to do we-wee, and her brother declares that he will not, absolutely not, leave the house without Robby, his new toy robot. No, he doesn't remember where he put it... In the circumstances, they won't get away before 4:50 p.m. and we can but hope Mrs. Levy hasn't put the burekas in the oven yet.

To be on the safe side, therefore, always reckon that a thing will take twice as long as you think it will. In the event that it doesn't, either you'll have some spare time on your hands - or you'll find it takes three times as long.

## For some of Israel's elderly, a vacation is an impossible luxury.



The Jerusalem Post Forgive Me Not Fund helps provide the needy with the essentials, but if there's a little left over, we can also give a once-in-a-lifetime vacation to an elderly person who has never been away from home. Sometimes, it could mean much-needed rest and recuperation for someone who has been ill.

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All funds are allocated according to the recommendations of the Ministry of Labour & Social Affairs.



**PLEASE, GIVE GENEROUSLY.**

## Israelis capture eighth place

**Post Sports Staff**

The Israeli yachting duo, Yoel Sela and Eilat Amir, finished in eighth place overall in the world yachting championships taking place in Kiel, West Germany, over the weekend. Sela and Amir were racing in the "Flying Dutchman" class in the championships which started a week ago.

Placings were based on the best average of seven races. After the fifth race which Sela and Amir won, they were placed second but in the following race they could only manage 58th position which lowered their ranking to seventh. After the last race was completed on a Saturday, they were placed eighth overall.

The Israelis' yacht is particularly suited to light breezes and they explained their inability in keeping up their good form to the fact that heavy winds blew up in the later stages of the championships thus changing their hopes of perhaps even winning the title.

A Spanish pair won the Flying Dutchman class with a Soviet pair as runners up out of a total of 58 yachts.

Former world champions in the 420 class, Shimon Brokman and Eilat Friedlander were placed 44th out of 150 boats in the 470 class yachting championships.

## SCOREBOARD

**WEIGHTLIFTING:** - László Töröcsik of the Soviet Union set two new world weightlifting records for the over 110kg super heavyweight category in a competition in Arkhangelsk. His new record total was 472.5kg (match 207.5kg, clean and jerk 265kg) and he also set a record 265.5kg with an extra attempt.

**CYCLING:** - Herman Frison of Belgium won the 79-kilometre fourth stage of the Tour de France but Erik Mauchler of Switzerland retained the overall lead.

**ATHLETICS:** - Said Aguiar of Morocco ran this year's fastest 1500 metres, and Yuliy Zhurav of Britain made the second-longest throw ever in the women's javelin - at Oslo's Bilett stadion in Saturday's international track meet.

Sofia Kostadinova of Bulgaria failed nearly three times to improve a world record of 2.89 metres in the women's high jump, and recorded 2.85 metres as her winning jump. Whitbread recorded 76.34 metres.

## Berkowitz is back for Israel

**By DON GOULD**

**TEL AVIV.** - Mickey Berkowitz announced yesterday that he is to return to the national basketball team after a short spell of retirement in which he sat out Israel's games in the European national championships in Greece last month.

Israel were relegated to division B of European competition after finishing in eleventh place in Piraeus and it comes as no surprise that Berkowitz has opted to return to the side. Israel will begin their fight to get back into Europe's top 12 in Bulgaria in September. The next European national championships will be held in 1989.

Berkowitz had originally claimed that he did not want to play in the national team so as to make way for younger players. As time went on however he made it clear that the real reason was because former national team coach Zvi Sherf and he were not seeing eye to eye.

Several weeks ago, the Israeli basketball Association decided to replace Sherf with his former assistant, Hapoel Tel Aviv coach Moshe Weizmann. For the past few weeks a number of meetings took place between Berkowitz, Weizmann and Zvi Sherf, head of the 28-A playing committee. The final meeting took place yesterday evening with all sides agreeing on the terms of Berkowitz' return.

Hickey told me after the meeting that he began to rethink the situation while watching the European championships on TV. He felt his experience was much needed and that he could have helped the team. "It was not easy to decide to retire from the national team and it has also taken time for me to decide to return," Berkowitz said after everything was settled. "I got that there is a place for me on the national team and I know I can help to regain Israel's place in the first division in Bulgaria." Berkowitz concluded.

## Surviving his wildness

**ATLANTA (AP).** - St. Louis pitcher Denny Gonzalez gave up seven walks in six innings, but he survived his wildness without allowing any runs because he had Craig Nettles' number.

"Getting Nettles three times with the bases loaded isn't going to happen too often," Cardinals manager Whitey Herzog said after St. Louis' 3-0 victory over the Atlanta Braves, a centerpiece of Saturday's National League action. "It wasn't going to happen a fourth time today."

When Gonzalez had a pair of singles, scored twice and knocked in another run for the Cardinals, Todd Worrell got the last five outs for his 17th save despite allowing two hits in the ninth.

In the American League, Gary Ward's pinch-hit single drove in the tiebreaking run in the fifth inning, lifting the New York Yankees to a 4-3 victory over the Texas Rangers. With Texas leading 2-1, Dave Winfield's sacrifice fly tied the score, and Claudell Washington singled to knock Rangers starter Bret Harris, 2-8, out of the game before Ward greeted reliever Paul Kilgus with a line-drive single to left.

Dwain Gooden, 7-4, the first of four Yankees pitchers, allowed three hits in the first five innings for the victory. Dave Righetti gave up an RBI single to Scott Fischer, but earned his 17th save by pitching the ninth.

## Mansell wins, Williams dominate

**LE CASTELLET (Reuter).** - Britain's Nigel Mansell won the French Grand Prix yesterday, finishing 7.7 seconds ahead of his Williams teammate Nelson Piquet of Brazil.

The victory was a triumph for the Williams team, but a disappointment for McLaren and Lotus. World champion Alain Prost in his McLaren finished 55 seconds behind the leader in front of his own French fans.

But the Brazilian stayed on top of the world driver's championship. His three points leave him on 27 points, one ahead of Prost and three in front of Piquet with McLaren fourth on 21 points.

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Milwaukee	39	37	.519	10
Chicago	37	41	.476	11 1/2
Baltimore	31	49	.388	19
Cleveland	27	52	.344	23

## WEST DIVISION

Kansas City	44	35	.557	-
Minnesota	42	36	.556	-
Oakland	42	37	.532	2
Seattle	40	40	.500	5 1/2
California	40	41	.494	6
Texas	37	41	.474	6 1/2
Chicago	36	47	.430	13



## AID TO ENTERPRISES

## A big role for politics

By YA'ACOV FRIEDLER

Jerusalem Post Reporter

A government that sees itself responsible for the welfare of the population cannot free itself of the duty to deal with developments that cause economic damage and great social suffering.

"But it must also keep check of the frequency of the demands for aid from the different sectors and individual concerns and draw conclusions about their structural ability to operate and survive as they are."

"The government must also check whether its readiness to help does not blunt the recipients' motivation to solve their own problems by efficiency measures, investing their own capital, developing new products and markets, etc.," the State Comptroller declares in the introduction to his review of the NIS 600 million in aid given to distressed enterprises such as Solel Boneh, Kupat Holim Clalit and the farm sector following the July 1985 introduction of the economic stabilization programme.

The comptroller's recounting of the process under which the aid was doled out, however, makes it clear that these criteria were not always adhered to strictly, if at all.

For instance, the Agriculture Ministry, in its bail-out of the kibbutzim and moshavim accepted the lump sum demanded by the farmers "before a detailed analysis of the needs was made." That made it hard for the Treasury, which had to work without adequate financial figures and ended up depending on the data provided by the bodies asking for aid. When the assistance

was finally extended, it was directed through the banks whose high interest rates had been one of the first causes of the agriculture sector's ills in the first place.

The Treasury also worked under pressure from "the political level to hurry the aid," the comptroller says. Political considerations also led to an "expansion principle" by which aid given to one sector "enjoying political patronage" had to be matched by aid to another "enjoying patronage from other politicians."

The comptroller stresses that before distributing aid funds, the government should ascertain whether the firm or sector's financial difficulties are temporary or symptomatic of its long-term, financial unviability. If financial problems stem from over-staffing, aid money would be better spent on retraining rather than helping the firm to keep on redundant workers.

The Treasury tried to force recipients to do their share to revive their enterprises by fresh capital investment, sale of properties and so forth. "But we discovered cases, for instance, in the cotton sector, in which the Treasury was not party to the final stage of the decision making, when no commitments at all were imposed on the beneficiaries," the comptroller writes.

"Where commitments were made, imposing sanctions for violating them are difficult," the report notes that the simplest sanction, calling in the loans early, "can in effect bring about the elimination of the enterprise, which foils the very aim of the aid."

A petrochemical firm, which

specializes in polyvinyl chloride, got into difficulty in the 1980s after prices on the world market dropped sharply. The government put together a series of aid packages, including a \$10 million, 10-year loan for debt restructuring, in exchange for which the company undertook to, among other things, increase its own capital by \$7 million, because it was undercapitalized.

"But this condition was not met," the comptroller notes in six dry words. The government reduced the price of the feedstock and the power that the company used in the hope that export prices would pick up again. Meanwhile millions of dollars were put at its disposal, notwithstanding the management having granted the workers pay rises in violation of the official wage policy.

The Treasury and Industry and Trade Ministry told the comptroller that they were "unable to say what the reasons for extending all the aid were" as the requisite documents were missing.

The Treasury and Industry Ministry estimate that the company may soon again find it difficult to pay its debts.

The comptroller doubts that the aid will enable the firm to continue functioning. "These circumstances obligate the two ministries to reconsider the continuation of the aid, not only according to the needs of the company, but on the strength of a fundamental examination of its contribution to the national economy, as an exporter and a source for import substitutes, and as a link in the petrochemical industry as a whole."



The Agriculture Ministry failed to supply detailed information that would have enabled the government to direct its aid to cotton growers likely to make good in the future.

## THE FARM-SECTOR RESCUE PLAN

## Purchasing groups sow seeds of debt

Last year's near financial collapse of the agricultural sector, which forced the government to undertake a massive bail-out programme, was partly due to deep structural problems in the sector. But the State Comptroller lays a good part of the blame on the purchasing organizations and farmers, both of whom borrowed recklessly, and the government that doled out aid and determined quotas haphazardly, finally piecing together a rescue programme in the same fashion.

The idea of the state coming to the aid of distressed farmers is not entirely unprecedented, the comptroller notes. Many of the kibbutzim and moshavim established after 1948

farmers. The purchasing cooperatives exacerbated the problem by their often haphazard and substandard book-keeping, the comptroller charges. Often their financial reports were so inaccurate or out-of-date that they were meaningless.

The farmers themselves are also the blame, the comptroller says. Many took on high-interest loans in the days of mounting inflation to raise their living standard and to invest in what the comptroller's understated style is termed purchases that "were not always necessary" rather than invest in productive assets. The mutual guarantees of the settlements, under which members

## THE STATE COMPTROLLER REPORT NO. 37



were unable to make a go of it financially and were forced to turn to the government for assistance. But since the end of 1985, when the state was forced to step in to rescue the entire agricultural sector, the government and the Jewish Agency have together allocated an unprecedented \$240 million in aid.

The Agriculture Ministry, notes the comptroller, expects that "substantial additional sums" will be required before the sector's huge debts can be whittled down to reasonable levels.

The report concedes that the sector's problems were in part inevitable because the small holdings characteristic of the sector, preclude farmers' taking advantage of economies of scale and because of the unsuitability of farming life for many of the immigrants who were settled on kibbutzim and moshavim in the early years of the state.

The irresponsibility of the purchasing organizations, originally formed to enable farmers on a regional basis to buy such things as seed and fertilizer in bulk and save money, also contributed more than its fair share to the debt problem, the State Comptroller says.

Over the past few years, the purchasing organizations expanded their activities into such far-flung activities as marketing produce, making loans, selling insurance and investing in new settlements. In the process they themselves borrowed money, often beyond manageable levels, the comptroller writes. And since the purchasing organizations are ostensibly owned by the farmers who belong to them, ultimately the organization's liabilities become theirs and the farmers' cooperatives they represent. The comptroller found that the purchasing organization's embarked on their new activities without the knowledge of the

agreed to back each other up on loans, eliminated concerns about repayment.

To compound the farmer's woes, the government frequently and unexpectedly changed subsidies, quotas and credits. Even farmers who were well established and careful with their money often ended up in the red trying to stay ahead of the government's erratic policies.

When the government at last decided to come to the rescue it could not properly plan its aid, or even properly evaluate why past aid programmes had failed to help the farms, for lack of reliable and up-to-date data. "The Agriculture Ministry had no real recovery plan in hand for the government to shape its assistance to cure existing ills and prevent the need for more aid in future," the report says.

The comptroller rapped the ministry for its failure to check and double check information supplied by the farmers and their organizations and, in the case of the kibbutzim, simply relying on the kibbutz movements to divvy up the aid.

In the case of the cotton growers, who had a terrible year in 1985, the ministry failed to supply detailed information that would have enabled the government to direct its aid to those likely to make good.

The aid package was put together and the purchasing bodies signed for their shares at the end of 1986, but by the time the report was written they had not made advance payments to the farmers.

On the bright side, the comptroller notes that an overall steering committee appointed at the end of 1986 to review the economies of the moshavim, which are estimated to carry a debt of \$840 million and approve an aid plan for them was at the time of the report completing its recommendations.

## THE BUILDING-INDUSTRY BAIL-OUT

## A shrinking market is key to industry's difficulties

The Housing Ministry is on the mark when it says the building industry's financial difficulties are not a short-term crisis but a symptom of a contracting sector of the economy. The construction industry will have to trim down to meet the needs of a smaller market, and some firms will have to close in the process.

Although construction continues to account for a whopping 47 per cent of Israel's gross investment, the country's once voracious appetite for new housing has largely been met. Immigration is down to a trickle; most families living in substandard housing have been accommodated; the 20-29 age group, who are the biggest customers for new flats, is shrinking; while the high cost of housing, due in large measure to the industry's inefficiency, has reduced the reservoir of potential customers.

In public building, too, the pressing needs of infrastructure have been met.

All this is reflected in the steep, 40 per cent, decline in building starts over the past decade, with housing starts down by over one half from 1976 levels to 17,600 last year.

However, rather than pull up their socks and make building more efficient and cheaper, the contractors, headed by the big companies, Solel Boneh and Rassco, chose to direct their major efforts towards pressing for a government bailout, the comptroller says.

In fact, while productivity in industry overall rose 22.7 per cent and in farming 78.5 per cent in the past decade, productivity in the building industry has actually declined, and no less than 3.8 per cent. During that period, the industry's investment in

research and development, fell to an infinitesimal 0.06 per cent of total expenditure which, the comptroller notes, "is very low whether compared with builders in other countries or in other industrial sectors in Israel."

The low productivity is evidenced by the fact that it took an average of 24.7 months to build a home in 1984, compared with 17.9 months in 1973.

"This harms the tenants who have paid for their flats and is also an inefficient utilization of capital resources," the comptroller adds.

Cheap labour and high demand apparently gave the builders the feeling they could go on operating inefficiently for ever.

Nevertheless because of the industry's important role in the economy, the State Comptroller does not dispute in essence the government's

decision to come up with a \$240 million aid package in the form of grants, loans, debt restructuring and early redemption of Defence Loans. It was the way the aid is being dispensed that worries the comptroller.

In December 1984, the government appointed a committee of directors-general to review the state of the industry. It made its report two months later, but the comptroller writes, the recommendations "were never discussed nor approved by any governmental forum and only partially carried out."

Nor did the Housing Ministry do any better. It failed to establish criteria for measuring the financial distress of each contractor and to serve as a basis for a decision on the aid to be extended.

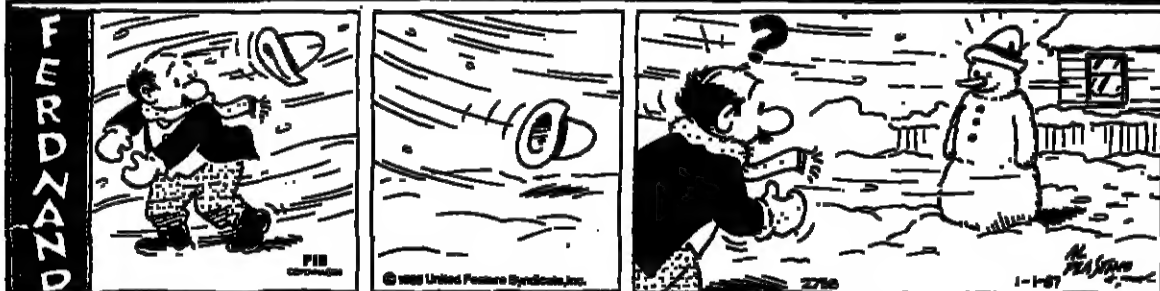
The comptroller examined 25 ap-

plications for aid filed by contractors during a six-month period, from November 1985 to June 1986. Of those, 23 had supplied only partial data from their financial reports of the previous year, mainly profit and loss figures, financing costs, sales and profitability. This was not enough to determine whether they qualified for the early redemption of their Defence Loans, the comptroller concludes.

But the big problem continues to be the industry's low productivity for this season, the Housing Ministry must make greater efforts to raise it by providing incentives for investment in research, development and the introduction of technology that will also shorten the building time.

Nursing the big industry with aid packages appears to be easier than curing it of its ills.

Y.F.



## CROSSWORD

**ACROSS**  
5 Drink obtainable by agreement (6)  
8 Side path turning into Portsmouth's main road (8)  
9 Trampled in an endless rush (7)  
10 A wild animal but it's all right, a quiet one (5)  
11 Recovery in the closing stages by the side (8)  
13 Wrapped up and put the sheep to bed (6)  
14 I'm not one to weaken (6)  
17 Girl Friday's not free (5)  
19 The only one in a suit (3)  
20 Ways to get round little children's demands (6)

23 Such tolerance may be a matter of degree (8)  
26 Amazed but not all at once (8)  
28 A shade of caution (5)  
29 The little beasts turn into little angels on her entering (7)  
30 It could be simple curiosity (8)  
31 Get out a piece of fire-fighting equipment (6)

**DOWN**  
1 Received a hero's treatment when landed (6)  
2 Animal with a head for heights (7)  
3 What skiers may need to reach their peak (5-4)  
4 Promise not freely given (6)  
5 It's pitiful when dad gets the twich (8)  
6 With a spirit, a sailor gets up to dance (5)  
7 Left face up and covered (6)  
12 Fuss caused by commercial ring (3)  
15 Thought me old fashioned about it (9)  
16 Changes locks (8)  
18 See lambs rounded up and put together (8)  
21 A pound note gets you a drink (3)  
22 Part of a lock that holds water (7)  
24 Notice the opening in good time (6)  
25 In time the deserter makes mistakes (6)  
27 Edgar ruined her (5)

**Yesterday's Solution**  
ACROSS: 1. Chant, 4. Eclair, 9. Lentigo, 10. Impel, 11. Cask, 12. Station, 13. Rye, 14. Arno, 16. Rhy, 18. Shy, 20. Capulet, 21. Ague, 24. Aloft, 25. Racoon, 26. Entree, 27. Titus.  
DOWN: 1. Calico, 2. Agnes, 3. Trim, 5. Chivalry, 6. Amplify, 7. Relent, 8. Mouse, 13. Roulette, 15. Rapport, 17. Scrape, 18. Stark, 19. Tennis, 22. Groat, 23. Scut.

## QUICK CROSSWORD

**ACROSS**  
1 Main arch support  
7 Thicket  
8 Accessible  
9 Newt  
10 Sort  
11 Shut  
13 Staid  
14 Journey  
17 Rue  
18 Expectant  
20 Billiard stick  
22 Complicated  
23 Keen  
24 Alarm

**DOWN**  
1 Talent  
2 Desired  
3 Inform  
4 Marriageable  
5 Celerity  
6 Elegant  
7 Blame  
12 Reel  
13 Prosper  
15 Trump  
16 Mend  
17 Rule  
19 Inexperienced  
21 Bailad

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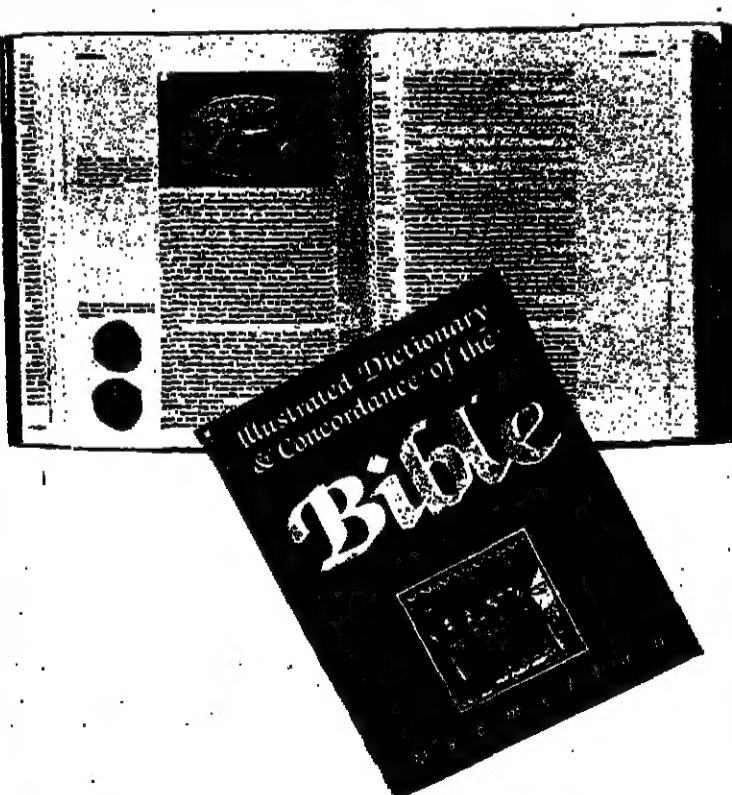
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## MARKET PLACE

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## The motorized society

"I was shocked when I returned to Israel last year, after five years abroad," said a Kfar Saba resident the other day. "In the old days, I had used to leave my home at 10 to seven in the morning and get in the office, in the heart of the Tel Aviv business district, after a fairly comfortable drive of 30 or 35 minutes."

"When I got back, I started out from home at the same time, but I was in for a rude shock. I didn't get into the office for well over an hour, and sometimes nearly an hour and a quarter. So now I know to leave earlier, but even then the traffic is terrible. Even getting onto the main street in Kfar Saba is a major operation."

Everyone can quote anecdotes galore, and most people know that the plain truth is at least as grim as the above, or any other traffic horror story can picture.

In Haifa and Jerusalem the situation is aggravated by the grossly inadequate infrastructure and old, narrow streets. But the real disaster area is the coastal strip from Rehovot to the Netanya/Ra'anana/Kfar Saba complex. The most recent batch of figures on the subject, courtesy of the Central Bureau of Statistics (who else?), runs the point home with a vengeance.

At the end of 1986, you may be interested to know, the total fleet of motorized vehicles operating in Israel stood at 819,000. This was 5.5 per cent up on the number at the end of 1985. Of the total, 649,000 were private vehicles and 121,000 were lorries and other commercial vehicles.

In the course of last year, no less than 83,000 vehicles were added to the existing cloggage — a word that may not exist but if it did would certainly apply to Israel's roads. Of these, 72,000 were hitting the road for the first time, with 53,000 representing 1986 models and 19,000 spanning new 1987 models. Where the other 11,000 came from, we aren't told.

However, and this is important, these 83,000 were a gross addition. Fortunately for everyone concerned, some 40,000 existing vehicles shuffled off their mortal combustion engine during the year, leaving a net growth of 43,000 — the 5.5 per cent increase noted above.

By way of an aside, of the 72,000 new vehicles, 56,000 were new private. No prizes will be awarded for guessing who led the sales list — it was Subaru, and by several miles. Full 26 per cent of the new cars on the road came from the only Japanese auto company to do business with us, over twice the share of its nearest rival, Fiat, with 12 per cent. In 1985, Subaru had 22 per cent and Fiat 8 per cent, but then Opel and Ford had 11 per cent apiece, and they both dropped to the 8 per cent area last year.

Twenty-three per cent of all Israeli cars were born in West Germany, though, and 20 per cent in France, while only 18 per cent were shipped over from Japan. Sixteen per cent came from Italy and 6 per cent were locally produced (hard to believe, but that's what they say).

Now comes the most staggering fact in the whole report: The average age of the cars you see on the road is 6.9 years.

Another batch of figures also casts much light on the local trends: The number of vehicles per 1,000 inhabitants rose last year from 188 to 194, of which 154 were private cars. The localized breakdown proves our previous claim that greater Tel Aviv is the worst place.

Towns with more than 50,000 inhabitants had 227 vehicles per 1,000 people, of which Tel Aviv was well ahead, with 385; Ramat Hasharon not far behind, with 353; Givatayim, 303; and Herzliya, and Ramat Gan 295 and 280 respectively. Haifa managed a respectable 261, but Jerusalem was far behind with 146.

The moral of the story, as this column has mentioned before, is not that there are too many cars in Israel, but that there are nowhere near enough roads. There is a crying urgency to build roads all over the country, but especially in the overcrowded centre. That, as well as overground train systems in greater Tel Aviv and around Haifa Bay.

Because Israel remains, on a comparative basis, a car-poor country (hardly surprising, considering what the damn things cost). Never mind that the U.S. had 539 vehicles per 1,000 population in 1983. Or that Australia and New Zealand both had over 400 at the end of 1984. At that time, too, small countries like the Netherlands and Austria had around 330 each, and even the relatively impoverished Britain had 293. If we had that many, no one would ever move.

**Masada spectacles**  
MASADA (Him). — Work began here last week on the construction of a \$5 million permanent site for daily light and sound shows.

## Textile exports are up sharply

By KEN SCHACHTER  
For The Jerusalem Post  
TEL AVIV. — Textile exports are running 26 per cent ahead of last year through May and are forecast to reach \$525 million at the end of 1987, a 15 per cent increase, the Manufacturers Association said yesterday.

Yoram Radoshitsky, chairman of the textile division of the Manufacturers Association, urged the government to implement a series of reforms that he said would enable textile exports to reach \$1 billion within five years.

Under one change proposed by Radoshitsky, the government would create a "more realistic" dollar/shekel exchange rate. Since the stabilization programme was instituted in July 1985, he said, the cost of economic textile production has increased 86 per cent, while the shekel has been devalued against the dollar only 6 per cent.

"We're losing our competitive edge in the world market, mainly in dollar-linked countries," he said.

A second major proposed reform would increase productivity throughout the economy by granting tax preferences to private industry, allowing higher wages to be paid than in the public sector, he said. The wage differential would allow labour-starved industry to attract workers while expanding the more efficient parts of the economy, he said.

Radoshitsky said this year's export figures reflected a continuing recovery from the recession-plagued year of 1983. In 1980, Israeli textile exports amounted to \$481m, dropping to \$443m in the 1983 slump. Last year the industry witnessed a slight improvement to exports of \$458 million.

One opportunity to expand Israeli exports, while giving Washington the opportunity to make a slight dent in its giant trade deficit, he said, would be to eliminate tariffs on textile trade six years ahead of schedule. When the bilateral Free Trade Area (FTA) agreement was signed, textile tariffs were to be phased out in three steps, to be implemented in 1975, 1989 and 1995.

Radoshitsky noted that in 1989, Israel's agreement with the European Community required it to drop all tariffs on EC textiles. Such a move, however, will put many U.S. textiles at a competitive disadvantage. With the textile section alone of the U.S. trade deficit running at \$16 billion, he said, Israel should urge Washington to accelerate the process and drop bilateral tariff barriers in 1989.

Trade in textiles between the U.S. and Israel was roughly in balance at \$50m in each direction in 1986, but

the tariff change could shift Israeli import preferences in the direction of Western Europe at the expense of the U.S. If the FTA were accelerated, he said, U.S. textile manufacturers could increase their exports by between \$50m to \$100m, while Israeli exports would be likely to climb only \$30m.

Textiles are one of the toughest issues in U.S.-Israeli trade negotiations. Far Eastern manufacturers have virtually wiped out U.S. industry on the low end of the price spectrum. Thus Washington has been wary of putting additional pressure on an already beleaguered industry when U.S. jobs might be at stake.

Radoshitsky, however, stressed that Israeli textile makers generally aim at the high end of the market and are more likely to be competing with European than American manufacturers.

In response to a question as to why textiles are so costly on the domestic Israeli market, he blamed high interest rates and taxes. These two factors account for 30 per cent of the cost of the average product, he said.

## 'Sofer to testify against Vaskevitch, pay \$2 million'

By JOSEPH G. RAPAPORT  
For The Jerusalem Post  
NEW YORK. — David Sofer, the Israeli investor accused in a multi-million-dollar insider trading scheme, will cooperate with U.S. authorities in their case against his former partner, Nahum Vaskevitch.

According to a story appearing in The New York Times, citing "legal sources," the Jerusalem investor will also pay the U.S. Securities and Exchange Commission (SEC) \$2 million, nearly half the profits earned in the alleged illegal trading.

In exchange for his testimony against Vaskevitch, Sofer will receive no other penalties. The agreement is believed to protect him from criminal charges as well as that were reportedly being prepared by U.S. Attorney Randolph Gulliani.

Stanley Arkin, Sofer's lawyer in New York, wouldn't comment on the

Times report yesterday. "Mr. Sofer is doing what he is doing and saying what he is saying," is all Arkin would tell The Jerusalem Post.

He refused to comment on Sofer's whereabouts, although Vaskevitch was reported to have arrived in Israel last week.

In a civil suit, the SEC, the U.S. stock market watchdog, accused the pair of earning more than \$4m in the stock market using tips Vaskevitch

obtained through his position as head of mergers and acquisitions in Merrill Lynch's London office. The two men exchanged information over a two-year period mainly by telephone.

Neither Gerald Harris, Vaskevitch's attorney, nor Stephen Grenier, the lawyer who represents the two companies through which Sofer made his trades, were available for comment.

## 1st Int'l chief's planned departure will shake bank

Post Finance Reporter  
Attorney Yigal Arnon is expected to present his resignation to the board of First International Bank at a meeting likely to take place this week.

Arnon announced his intention to resign immediately after it was reported that the attorney-general intended to press charges against him and others involved in the "nighttime meeting" in which a witness in the MK Shlomo Armar case was allegedly harrassed. Arnon and fellow-attorney Ram Caspi were the outstanding figures in that meeting.

In a letter to the bank, Arnon noted that although the accused is presumed innocent until proved guilty, he felt his continuing as chair-

man of the bank might become a burden to it. He therefore said he was seeking an urgent board meeting to accept his resignation.

This turn of events has created a delicate situation for the bank. A long period, during which its ownership was unclear, was only ended last year when New York investor Jack Nasser bought a controlling stake in Fibi. First International's parent, from the bankrupt Danat Investment Co.

The Bank of Israel forced Nasser to clear with it all appointments to the board as well as to committing himself to holding his controlling stake for at least five years. He then appointed Arnon and Jerusalem lawyer Shlomo Toussia-Cohen as his

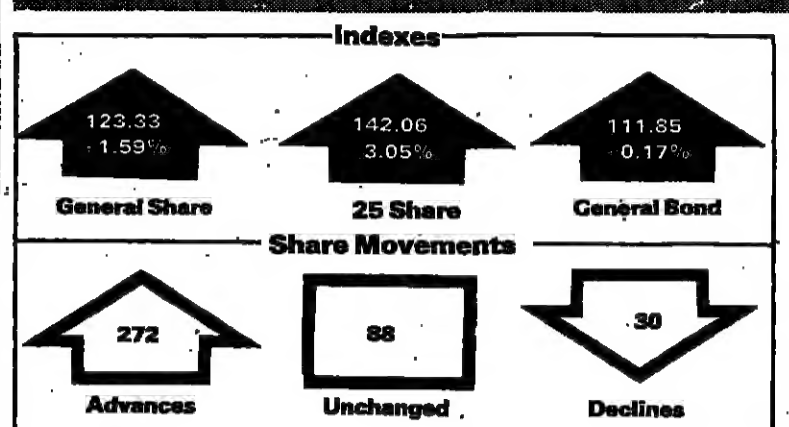
representatives on the bank's board. The other six directors are outside directors, to a greater or lesser extent.

Two of them, David Livyatan and Boaz Nahir, are effectively the representatives of Israel Discount Bank's 30 per cent stake in the bank. Discount is prevented by the Bank of Israel from exercising direct influence on its smaller competitor.

Given this situation, and the need for Bank of Israel agreement to

whatever steps are proposed, it is possible that Arnon will remain a director while Toussia-Cohen becomes chairman. Alternatively Nasser will appoint a new representative to take over from Arnon. In theory, Arnon could stand down while a temporary chairman took over, but this is thought unlikely since the legal proceedings could stretch on for years, making the appointment of a "temporary" chairman an unrealistic option.

## Tel Aviv Stock Exchange



**Selected Prices**

Name	Price	Vol.	%
<b>Commercial Banks</b>			
Bank Leumi	21200	27	-1.4
Bank Hapoalim	1880	1461	+2.3
Bank Mizrahi	21850	55	+0.7
Bank Leumi	3898	3251	+5.8
<b>Commercial Banks</b>			
Bank Leumi	39120	450	-
Bank Hapoalim	7200	91	-0.4
Bank Mizrahi	12532	189	+0.7
Bank Leumi	40622	402	+1.2
Bank Hapoalim	67530	1418	+1.1
Bank Mizrahi	17190	13	+0.8
Bank Leumi	43050	2285	+1.3
Bank Hapoalim	5070	4	-
<b>Mortgage Banks &amp; Finance</b>			
Bank Leumi	5985	313	+3.8
Bank Hapoalim	2710	1181	+3.4
Bank Mizrahi	3590	1213	-
Bank Leumi	22150	121	+4.0
Bank Hapoalim	6288	1618	+8.0
Bank Mizrahi	12718	121	+4.7
Bank Leumi	20800	8	+4.1
<b>Insurance</b>			
Ararat 0.1	1278	272	+5.0
Phoenix 0.1	740	3027	-
Hahemesh 1.0	4980	444	+4.8
Mekorot 1.0	390	13065	+4.8
Sahar 1.0	1138	543	-7.0
Zion Hold. 1.0	8523	7	-3.4
<b>Trade &amp; Services</b>			
Interbank 1.0	7650	13	-
Meir Ezra	328	3048	+8.2
Crystal	718	3039	+3.8
Lighting 0.1	1258	3829	+8.0
Dan Hotels 1.0	1618	206	+8.0
Comet Beach	6700	115	-
Yarden Hotel	2818	150	-
Hilton 1.0	4540	598	-0.4
M.L.L. 1.0	14000	18	-
Team 1.0	780	4448	+1.3
<b>Real Estate, Building and Agriculture</b>			
Aluf	1525	2704	+10.0
Afrim	47000	301	+5.3
Africa Int. 0.1	40000	305	+3.8
Aridan	2541	1298	+5.0
Danilov	6200	10	+2.8
J.E.C.	284	20030	-
Baydole 0.1	4378	1350	+4.8
Aviv	17800	132	+1.0
Azovim Prop.	301	3039	+1.0
Mahadim	6190	1218	+4.0
Medim Prop.	1585	1428	+2.0
<b>Industrials</b>			
Dubek	5700	1520	+3.0
Tempo 1.0	31684	16	+1.0

**Statistics**

**Stock Indices**

General Share (incl. armt.)	121.23	+2.59%
Non-armt.	164.37	+3.45%
Arrangement Banks	117.81	+0.85%
Mortgage Banks	118.91	+0.29%
Financial Inst.	115.08	+0.80%
Insurance	102.89	+1.86%
Commerce & Services	124.71	+2.14%
Real Estate & Agric.	118.14	+2.90%
Industrials	122.00	+2.43%
Food & Tobacco	118.05	+1.39%
Textiles	122.17	+2.83%
Metals	125.08	+2.50%
Electronics	127.98	+1.77%
Chemicals	138.50	+2.76%
Industrial Invest.	151.31	+2.41%
Investment Cos.	147.33	+2.00%
Oil Exploration	162.89	+0.40%

**Bond Indices**

Index-linked Bonds	110.99	+0.14%
Fully Indexed	112.38	+0.15%
Partially Indexed	108.82	+0.10%
Foreign Currency	119.41	+0.67%
FC denominated	112.89	+0.35%
Short-term 0-2 yrs	118.01	+0.44%
Short-medium 2-5 yrs	111.62	+0.18%
Medium-long 5-7 yrs	114.08	+0.37%
Long-term 7+ yrs	113.80	-0.02%

**Turnovers**

Total Shares	NIS 16,281,100
Non-armt.	NIS 13,263,200
Arrangement	NIS 2,852,900
Bonds	NIS 5,856,100
Treasury Bills	NIS 3,264,500

**Share Movements**

Advances	242	(272)
Declines	3	(88)
Unchanged	5	(2)
Declines	52	(30)
Declines	8	(9)
Declines	1	(2)

**Bond Market Trends**

Index-linked:	148.670	14.0%
3% fully indexed:	148.670	14.0%
4.25% fully indexed:	148.670	14.0%
5% fully indexed:	148.670	14.0%
6% fully indexed:	148.670	14.0%
7% fully indexed:	148.670	14.0%
8% fully indexed:	148.670	14.0%
9% fully indexed:	148.670	14.0%
10% fully indexed:	148.670	14.0%
11% fully indexed:	148.670	14.0%
12% fully indexed:	148.670	14.0%
13% fully indexed:	148.670	14.0%
14% fully indexed:	148.670	14.0%
15% fully indexed:	148.670	14.0%
16% fully indexed:	148.670	14.0%
17% fully indexed:	148.670	14.0%
18% fully indexed:	148.670	14.0%
19% fully indexed:	148.670	14.0%
20% fully indexed:	148.670	14.0%

**Arrangement Yields**

100 day	12.89%
180 day	12.89%
270 day	12.89%
360 day	12.89%
450 day	12.89%
540 day	12.89%
630 day	12.89%
720 day	12.89%
810 day	12.89%
900 day	12.89%
990 day	12.89%
1080 day	12.89%
1170 day	12.89%
1260 day	12.89%
1350 day	12.89%
1440 day	12.89%
1530 day	12.89%
1620 day	12.89%
1710 day	12.89%
1800 day	12.89%
1890 day	12.89%
1980 day	12.89%
2070 day	12.89%
2160 day	12.89%
2250 day	12.89%
2340 day	12.89%
2430 day	12.89%
2520 day	12.89%
2610 day	12.89%
2700 day	12.89%
2790 day	12.89%
2880 day	12.89%
2970 day	12.89%
3060 day	12.89%
3150 day	12.89%
3240 day	12.89%
3330 day	12.89%
3420 day	12.89%
3510 day	12.89%
3600 day	12.89%

**Oil Exploration**

Pea Oil Expl.	33643	204	-2.9
J.O.E.L.	820	30859	+5.1

**25 Shares**

Name	Price	Vol.	%
First Intercont.	8533	3000	+2.75
Hahemesh	211	5217	+4.0
Clal Trading	401	24000	+2.75
Supersol A	12377	120	+2.50
Supersol B	8071	187	+2.1
Dalek	2388	12880	+3.00
Alcor	1084	17800	+2.75
Pro. & Building	2890	240	+3.00
L.D.C.	60031	240	+3.25
Clal Estate	638	4400	+3.00
Elon	1840	1450	+4.0
Polgar B	1149	7700	+3.50
Elron	506793	34	+2.00
Elron	388177	8	+2.00
Elron	12836	1800	+3.25
Elron	2614	1210	+2.50
Elron	88	17000	+3.50
Elron	377679	106	+3.50
Elron	11430	540	+2.25
Elron	245	4007	+3.4
Elron	5227	208	+2.7
Elron	4823	1052	+4.4
Elron	2528	1048	+2.5
Elron	1149	8762	+3.2
Elron	3104	1200	+2.75

## ISRAEL MONEY MARKETS

**ISRAEL MONEY MARKETS**

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## Target Kalkilya

TAKING "credit" for acts of violence aimed at Jews comes easily to the Palestinian terrorists, no matter how phony the claim of authorship may be. But as a self-indictment it will do.

Responsibility for the explosion in Kalkilya's Abu Flash restaurant on Saturday was promptly assumed by the PLO. This was done after it had been revealed that five of the 15 persons injured, though none critically, were Israeli Arabs, among them a 2-year-old child, and one a resident of Kalkilya itself. Plainly, what matters to the terrorists is that Jews are hurt, and if Arabs too are bloodied in the process, then so be it.

The specific "cause" in the Kalkilya restaurant was ostensibly the elimination of Israeli security people who are supposed to make it their haunt. Mayor Abdel Rahman Abu Snehneh had a somewhat different explanation. Kalkilya, he pointed out, thrives on Jews coming on Saturdays to shop. Without them, he said, the town would lose its major source of livelihood. Whoever did the bombing, the mayor ruefully observed, meant to destroy neighbourly relations between Arabs and Jews.

That is true only in the short term. What the terrorists, despite all the evidence to the contrary, expect to achieve by such bombings as that in Kalkilya is to put pressure on Israel to accept the PLO as a partner to a bogus peace, and scurry out of the territories back to the old armistice lines — as a prelude to the eventual takeover by the PLO of all Palestine. It apparently does not occur to them — or perhaps they just do not care — that all they achieve is to broaden the appeal inside Israel of the annexationist super-patriots who would solve the "Arab problem" in the West Bank and Gaza by way of wholesale expulsion to Jordan.

To be sure, the idea of expulsion bears Meir Kahane's copyright, and most self-respecting people shy away from invoking it in public. A cleaner, and thus more acceptable, formula provides for the "voluntary transfer" of the Arab population east. That is what Aluf (Res.) Rehavam Ze'evi, a former OC Central Command and a terror expert, proposed as "one alternative" at the Moshe Dayan Political and Social Forum held in Tel Aviv last Friday.

Aided and abetted by Tehiya leader Yuval Ne'eman, the physics professor, Mr. Ze'evi, a Tehiya sympathizer, fell back on 50-year-old advocates by labour leaders — the Moshe Dayan Forum is itself a rightwing Labour institution — in favour of an Arab-Jewish population exchange: Palestinian Arabs to move over to other Arab lands, and Jews from Arab lands to settle in Eretz Yisrael.

Hypocrisy is reputed to be the tribute that vice pays to virtue. But Mr. Ze'evi and MK Ne'eman must surely be aware that the only "voluntary" population exchange that could ever be implemented in this country — and not by uniform resort to voluntary methods — already took place in 1948, as a result of the Arab states' assault on fledgling Israel.

What the spokesmen from the far right propose is roughly the same that "Rabbi" Kahane beats the drum for: removing the demographic obstacle to annexation through the trucking of at least those Arabs that live across the Green Line.

Only these spokesmen cannot bring themselves to garnish their expulsion formula, Kahane-style, with rabbinical quotations.

## Butcher brought to bay

THE LIFE SENTENCE Klaus Barbie received from the Lyon court was surely the least he deserved to get for the 340 crimes against humanity he was found to have perpetrated as an SS officer in that city during World War II. It was, however, the harshest allowable under French law. The further trial he faces for the torture of two Resistance fighters will not make any difference except maybe in settling internal French scores.

In Israel there is no rejoicing over the verdict, and only a deranged mind such as that of Barbie's chief defence counsel, Jacques Verges, could suggest the contrary. The 44 Jewish children from the village of Izieu deported to their death by Barbie will not benefit from his conviction. But there is satisfaction that minimal justice was done, even after the inexplicable passage of over 40 years, and through the valiant effort of those two indefatigable war-crime-hunters, Beate and Serge Klarsfeld.

It was to be expected, of course, that Barbie, through his lawyers, would seek to deny the authenticity of all the evidence marshalled against him, and that he would further deny any knowledge of the existence of any Nazi death camps. The jurors were clearly not persuaded by the denials.

But Maitre Verges's own purpose was, it seems, not so much to clear his client of all blame, as to put France, French Jewry and Israel as well in the dock. To outsiders, this depraved exploitation of the courtroom for propaganda purposes was a shock. A moral abyss was surely reached when Verges's colleague, the Algerian Nabil Bouaita, proposed that there was no difference between the gas chambers and bombs dropped by Israel over the bases and encampments (planted right inside refugee camps) of PLO terrorist killers of Jewish children.

The life sentence given Klaus Barbie should be a prod for intensifying the campaign against the denials and the trivialization of the Holocaust.

## POSTSCRIPTS

**P.S.** VOICE OF AMERICA radio employees have been conducting a private gold-selling operation out of government offices. The Washington Post reported recently. Conducting their business, they made telephone calls to Bolivia to check on gold investments and in recent months branched into discussions about brokering other goods, such as platinum, sugar, shrimp and exchanging yen for dollars. The Post reported. Ramon Medina, 57, said he and fellow employee Gunnar Paabo made "a very bad mistake" in doing private business on company time

and said he planned to retire after 22 years with the government-funded VOA radio network. The Post said. Richard Carlson, VOA's executive director, said he had asked the inspector general of the U.S. Information Agency to delve into the matter. Federal regulations prohibit the use of government property for private uses.

The Post said Medina had lost \$20,000 to \$30,000 on his gold-investment business, but that he remained fascinated with the material. "Gold is beautiful," The Post quoted him as saying. "If you ever saw a bar of gold, you'd know what I am talking about."

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THIS IS THEIR finest hour. Those who, 20 years on, take pleasure in exercising hindsight as they insist that: Nasser concentrated seven divisions in the Sinai during May of 1967 with no malicious intent; Syria joined in the chorus of annihilation threats only outwardly and without really meaning it; Hussein, for his part, just happened to fire on Jerusalem while bombing the St. Jean camp near Acre in a similarly casual way, not to mention Netanyahu and its environs, Kfar Syrkin and Ramat David. He also captured — by mere chance — the High Commissioner's Residence in Jerusalem and planned to seize the Mount Scopus enclave, but only in theory and never in practice.

All this leads directly to the idea that Israel was not, in fact, on the brink of extinction in June 1967, and that the Six Day War was due to "national hysteria."

What kind of intellectual delight do these critics derive from blaming those who were attacked for fighting back and winning? In a tone smacking of traditional anti-Semitism — after all, the good Jew is the beaten Jew — they put the Israeli soldier of 1967 in the dock until he admits his guilt: I won, ergo I sinned.

Imagine, esteemed critics, a different scenario for the Six Day War:

0600 June 5 — Arab air forces attack airports and population centres in Israel.

0730 — Egyptian forces, following heavy artillery bombardment, penetrate the Eilat region and advance from Rafiah in the direction of Beersheba.

Syria commences shelling settlements in the

ONE OF the main factors responsible for the generally negative evaluations made by the Israeli media in marking the 20th anniversary of the Six Day War is the widespread conviction that in its aftermath the Jewish people of Israel became "occupiers." Morally this has had an increasingly severe "corrupting effect" on the settlers, the Israel Defence Forces and in terms of ultimate moral responsibility, Israeli society. In the words of Yehuda Litali ("The Soured Revolution," The Jerusalem Post, June 5, 1987): "We never stop to think about the price of occupation. What it has done to our souls, to our young soldiers, to our legal system, to the army, to the police and the GSS and most important of all — what it has done to our Zionist dream."

Let us assume, for the moment, that this judgment is correct. What policy is indicated? To be more precise, what alternative is Litali arguing? What is he proposing in the light of his depressing announcement that the Zionist revolution has soured?

Why do I insist that there be some suggestion or proposal in the wake of Litali's criticism? The answer lies in the logic of moral judgments. Morality is the science of practical reason which judges choices. Therefore, if one determines that a particular action is immoral, one is logically bound to suggest the alternative action that ought to have been taken.

If Litali means to suggest that the GSS's interrogation procedures ought to be strictly supervised or that only rubber bullets be used in controlling demonstrations or that only Jews be hired as garbage collectors (in order to realize the Zionist dream

of manual labour), he may be quite correct. For then, he is simply saying that some particular policies currently employed by Israel in the territories are immoral and therefore corrupting.

The implication, however, is that once you make the required changes, there may be a way of being a moral "occupier." However, I would guess that Litali along with other critics of the "occupation" would not be very happy with this conclusion. They would probably insist that the "occupation" itself is corrupting; that the very role of "occupier" stains morally and absolutely; that there is no way in which one can be a moral "occupier."

If this position is correct, then what are the practical implications? If you wish to keep your soul morally clean and your Zionist revolution unsoured, you must under no circumstances be an "occupier." Since morality is generally considered to stand higher than law, it follows that individual soldiers should refuse service in the "occupied" areas and Israel, as a state, must take every risk to rid itself of this plague, even if it means unilateral withdrawal from the occupied territories. For, after all, what gaineth a man to possess historic Eretz Yisrael if in the process he loses his soul?

Psychologically and emotionally, this is a powerful charge which has a paralysing and corrosive effect on the will of those who find themselves in the role of "occupier." As a people we are highly sensitive to moral values and find intolerable

Uzi Narkiss

Galilee panhandle and bringing forces down from the Golan Heights towards El Hama. 1100 — The Jordanian army shells Tel Aviv with Long Tom cannons; a brigade of Patton tanks camped in Jericho makes its way up to Jerusalem and captures Mount Scopus.

1200 — The Castel is captured by a Jordanian force blocking the Jerusalem-Tel Aviv highway. The High Commissioner's Residence (Untso Hq) is taken and a mobile Jordanian artillery force begins to advance towards Katamon.

1600 — The Iraqi army begins to cross the Jordan River at the Damia bridge.

Israel's counter-attack is launched from a position of disadvantage.

World Jewry collect funds on behalf of the State of Israel.

Western composers vie with each other to produce a requiem for Israel.

The Security Council calls for a truce and passes Resolution 243 which takes account of the Arab armies' achievement in the battlefield.

Israel licks its wounds while the government appoints a commission of inquiry, to be headed by a high court judge, in order to investigate why the Israel Defence Forces did not launch a pre-emptive strike the day before the all-too-imminent Arab attack broke out.

The findings of the commission of inquiry are conclusive:

2. The lesson for the future is: be sure to preempt enemy action and hit them before they hit us.

ALL THE CRITICS agree that the IDF had no choice in 1967 but to invade the Sinai Peninsula and the Golan Heights. Even so, why did it occupy the West Bank and thus assume control of hundreds of thousands of Palestinians? Here we are, still stuck today with the same situation, with all its attendant ills, neither able to swallow or to spit it out. But it should not be forgotten that the Israeli government intended to attack only in the Sinai and Levi Eshkol, then prime minister, urged Hussein to keep out of a war which had nothing to do with him.

Proposals for aggressive military action made by the chief of central command on the morning of June 5th 1967, were rejected. General command twice agreed to ceasefires proposed by United Nations observers in Jerusalem although in the end the firing ceased only on Israel's side and not on Jordan's.

The order to counter-attack and recapture the High Commissioner's Residence which was in the hands of Jordanian legionnaires, was given only when it became evident that there was no alternative. The Harel artillery brigade, which began the descent from Ramallah to Jericho on the night of the 6th-7th June, was sent back the way it came. Jericho was

1. The entire IDF High Command should be dismissed only after the government had given specific authorization.

The breakthrough into the Old City of Jerusalem was authorized only after much government hesitation. It was not a decision lightly taken. Those who recall the scenes of hysterical glee and hatred in the Arab countries as they anticipated Israel's imminent annihilation, as well as Israel's very real fear of extinction, cannot fail to understand the dynamic which pushed the IDF towards the Jordan River. Its main objective at the time was to get rid of the enemy on the ground. This it achieved.

I do not belong to the "rejectionist front." I have not buried my head in the sand, nor am I indifferent to our ruling over hundreds of thousands of Arabs in Judea, Samaria and the Gaza Strip. I am aware, as the late Yigal Alon pointed out, that the Arabs are rapidly multiplying every day while we continue to quarrel amongst ourselves.

I hope that the day will soon come when King Hussein will follow the example of King Hassan of Morocco and summon up the courage to invite Israel's prime minister to Amman, within whatever framework, and then we shall, perhaps, attain the peace for which we yearn. But in the meantime, we should not attribute our present circumstances to a war which was genuinely one of non-choice which we fought for our survival in 1967.

The writer, currently head of the WZO's information department, was OC Central Command in the Six Day War.

## I don't feel like an occupier

Shubert Spexo

even the suggestion that we, the historic victims, have suddenly become oppressors.

Moreover, by now, enough incontrovertible and scandalous cases of abuse in the administration of the territories have come to light to encourage the logically impermissible transfer of assent from proposition A: "Immoral acts have been committed by Israelis in the territories," which is true, to proposition B: "Being an 'occupier' is in itself morally and irredeemably corrupting," which has not been substantiated.

LET US examine this latter proposition. I wish to suggest that it is either a tautology or false. If by "occupier" is meant someone who unlawfully and unjustifiably invades another people's land and deprives them of their freedom, then by definition there cannot be a moral "occupier" no matter how benevolent the policy.

But is Israel an "occupier" in this sense? The answer, in my judgment, is clearly in the negative. From George Will ("A Just War Remembered," Newsweek, June 8, 1987) to the editorial writers of The Jerusalem Post ("Twenty Years Later," June 5, 1987), it is agreed that the Six Day War was a war of defence, for survival, which was thrust upon us. Not only was there no alternative to the war which brought us the territories and its inhabitants, but during

the past 20 years there has been no moral opportunity to dispose of this difficult responsibility.

No one is morally accountable for a reality which is thrust upon him. He is morally accountable for what he does with that reality. Actually we deprived no people of political independence which they possessed before. We simply replaced the Jordanians, who replaced the British who had replaced the Turks.

It is such an "occupation" to be judged as intrinsically corrupting? It must certainly be admitted that such a situation has a high potentiality for moral corruption, as recent events have shown. But so is any situation in which one human being is given power over others: a prison warden, a policeman, a teacher, a youth leader, even a parent.

World literature and the daily newspaper are replete with tragic accounts of people of weak character or sadistic tendencies who, placed in such positions, abuse their power and commit heinous, immoral acts. I would not wish to be a prison guard, on either side of the Green Line, but society as such has no alternative. The rational call is for a moral penal system which is possible and not the abolishing of all prisons which is not only irrational but immoral!

AS AN Israeli with children living in the territories, I am troubled by all the considerations raised by Litali. But I have searched my conscience and find no guilt. Each step that brought Jews into the territories, collectively and individually, was morally justifiable. Since the Israeli

policy on the whole has been to live and let live, Arabs who wish to have it otherwise bear the responsibility for what ensues.

The problem of IDF conscripts is described thus by Litali: "Coming fresh from high school where they were taught about the moral values of the Zionist Revolution, they are forced into confrontation with an entirely different reality." But life always thus challenges our moral values. The real is never the ideal and the real is constantly changing.

The classic moral values of Judaism, which served the Jewish people through a variety of radically different realities, are today under great strain to guide us, under the new conditions of sovereign political power with a heavy and unwanted responsibility for a large non-Jewish population. Jewish morality speaks to this situation as well. But it takes human beings to apply the abstract concepts to the rough-edged reality. And how well we do it takes our moral measure as men and Jews.

No, there is nothing intrinsically immoral in being the kind of "occupier" Israel finds itself today. But what is unquestionably immoral is the use of this fallacious and emotive slogan to stampede morally sensitive people into a headlong panic to rid themselves of this leprous "occupation" by means which are infinitely more immoral and corrupting: conscientious objection, *verida*, or negotiating a "treaty" which saddles Jordan with the unhappy Palestinian Arabs and gives us a dubious "peace" and the illusion of "clean hands."

The writer is the Irving I. Stone professor of Jewish thought at Bar Ilan University.

## READERS' LETTERS

### MANIPULATION AT AGENCY ASSEMBLY

To the Editor of The Jerusalem Post Sir, — As a delegate to both the Assembly of the Jewish Agency and the Pre-Assembly Seminar, I was dismayed and shocked by the procrastination and manipulation I witnessed.

A year ago, the assembly passed a resolution directing the Agency to fund only Zionist educational institutions, listing several funding criteria. The chairman of the board of governors appointed a "committee for allocations to Zionist institutions," to implement the resolution. The committee met for the first time in December 1986, six months after passage of the resolution. It met again in February 1987 and decided to ask the finance department of the Agency to send a letter and a copy of the resolution to over 650 institutions, asking each institution to sign and return the resolution to indicate compliance. In March 1987, nine months after passage of the resolution, the finance department sent the letters.

Four hundred and eleven institutions had responded favourably as of June 1st. One yeshiva sent a letter of non-agreement; Agudat Israel yeshivot joined in sending a common letter of declaration.

The committee then submitted a written report to the assembly outlining in detail the situation as of June 1st. This was a perfectly acceptable report indicating progress. But,

in addition to submitting the report, two members of the Jewish Agency Executive made personal appearances at the "Track 6" sub-committee hearings and contradicted most of the statements and conclusions in the written report: the thrust of their remarks was that it was not possible to implement the resolution — this in the face of 411 acceptances and 22 refusals!

It is obvious to me that the report was intended to be a written whitewash and that the oral report demonstrated that because of political considerations, the Agency was afraid to tangle with Agudat Israel, thereby contravening the wishes of the assembly. As a result, the assembly, not being totally aware of what had transpired, passed a new watered-down resolution on the same matter, eliminating most of the criteria in last year's resolution.

I predict that, when we receive a new Agency report next year, it will state that (with the exception of Natorai Karta), there is no such thing in Israel as a non-Zionist educational institution.

This situation now presents American Jews with a dilemma: should we continue to finance the education of non-Zionist Jews in Israel, or should we use those same funds to educate our Jewish youth in America, with the goal of increasing aliyah?

FRANK E. SCHOCHET

Jerusalem (Minneapolis).

### CHANGE OF NAME

To the Editor of The Jerusalem Post Sir, — The news (June 25) that Haifa's Rothschild Hospital will have its name changed to Bnai Zion Health Center because of that organization's donation is disturbing. It is therefore possible that, if another organization makes a large contribution some years hence, the name could again be changed. There is something cheap and despicable about this process, which also erodes the cultural origins of an institution. Why couldn't the name Rothschild — the family which founded the hospital in 1922 — have been kept? And if the Bnai Zion organization insisted that it too be acknowledged, the hospital's name could have been changed to the Rothschild-Bnai Zion Medical Center.

MEIR WASERMAN

Haifa.

### FIFTH COLUMN

To the Editor of The Jerusalem Post Sir, — Our sincerest thanks and congratulations to Matt Nesvitsky for his masterpiece "The Truth of Ruth" (June 5). We always enjoy his Fifth Column, but this one — in our opinion — tops all previous ones.

What a relief in these times to be able to laugh and laugh by reading and re-reading a product of Jewish humour at its very best.

R.E.H. SIMON

Haarlem, Holland.

### ORTHODOX-SECULARIST DEBATE

To the Editor of The Jerusalem Post Sir, — I refer to the "The secular argument" by Yehuda Bauer (Letters, June 17), the most recent contribution in the prolonged debate in your columns between the Orthodox and the Secularists.

I was disappointed to see that Professor Bauer belongs to the ranks of those who misstate Orthodoxy's position and then try to discredit Orthodoxy or the Orthodox with the aid of their own misrepresentation. Specifically, to select the most blatant example of several in his letter, he stated that the strict Orthodox position is that well over three-quarters of the Jews in the world are not Jews, because they are Reform, Conservative, Liberal or Secularist.

It is hard to believe that the Professor does not know the true Orthodox position, which is that every person of Jewish descent on the female side is a Jew. The people whose Jewishness is in dispute are those who (either they themselves, or through an ancestor) have undergone a non-halachic conversion ceremony. Thus only a small minority of those who claim to be Jewish are not recognized as such by the Orthodox.

As for this minority, if professor Bauer is a regular reader of your paper, he will probably recall a reader's letter published a few weeks ago, in which the correspondent, a convert, stated that she had deliber-

ately opted to convert to a non-Orthodox framework. On what basis does the professor expect Orthodox Jews to recognize as fellow Jews those who were not born into their people, do not share their beliefs and have no wish to follow their religious practices?

JUDITH I. WEIL

Jerusalem.



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